# PART X:

# THE DANGEROUS EFFECTS OF LOOSENING OWNERSHIP LIMITS ON MEDIA MARKET STRUCTURE: A STATE-BY-STATE PERSPECTIVE

# STUDY 26: THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN ALASKA

**MARK COOPER**

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the 1$^{st}$ + 1$^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are highly concentrated, tight oligopolies. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC

*Merger Guidelines*. If these mergers were allowed, most markets would be dominated by a single large player.

**Anchorage**

**Current Status:** As shown in Exhibit 1, the HHI for each individual media outlet indicates a highly concentrated market. The combined media market is highly concentrated as well. Exhibit 2 shows for the individual media the largest four firms have a combined market share of about 90 percent to 100 percent, while for the combined media it is about 80 percent, making them all tight oligopolies. When we combine all of the media outlets into an overall media market, we find that the overall market is highly concentrated and a tight oligopoly.

**Impact of Mergers:** As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2500 to a range of 3500 to 4500, an increase of 1000 - 2000 points.

As shown in Exhibits 3 and 5, the leading firm's market share would rise from just under 40 percent to over 65 percent if the top firms merged. The second ranked firm in the market would be much smaller, one-quarter the size, with a market share of just over 15 percent. Together, the top two firms would have over three-quarters of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Juneau**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium and the combined media indicates a highly concentrated market. Exhibit 2 shows the largest four firms have a combined market share of 85 percent to 100 percent for the individual media and the combined media, making them all tight oligopolies.

**Impact of Mergers:** As shown in Exhibits 3 and 6, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2000 to well over 3000.

As shown in Exhibit 7, a merger between the dominant firms would create a market in which a single firm dominated. The market share of the top firm would increase from about 30 percent to just under 60 percent. The leading firm would be three times the size of its nearest rival. If the largest firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

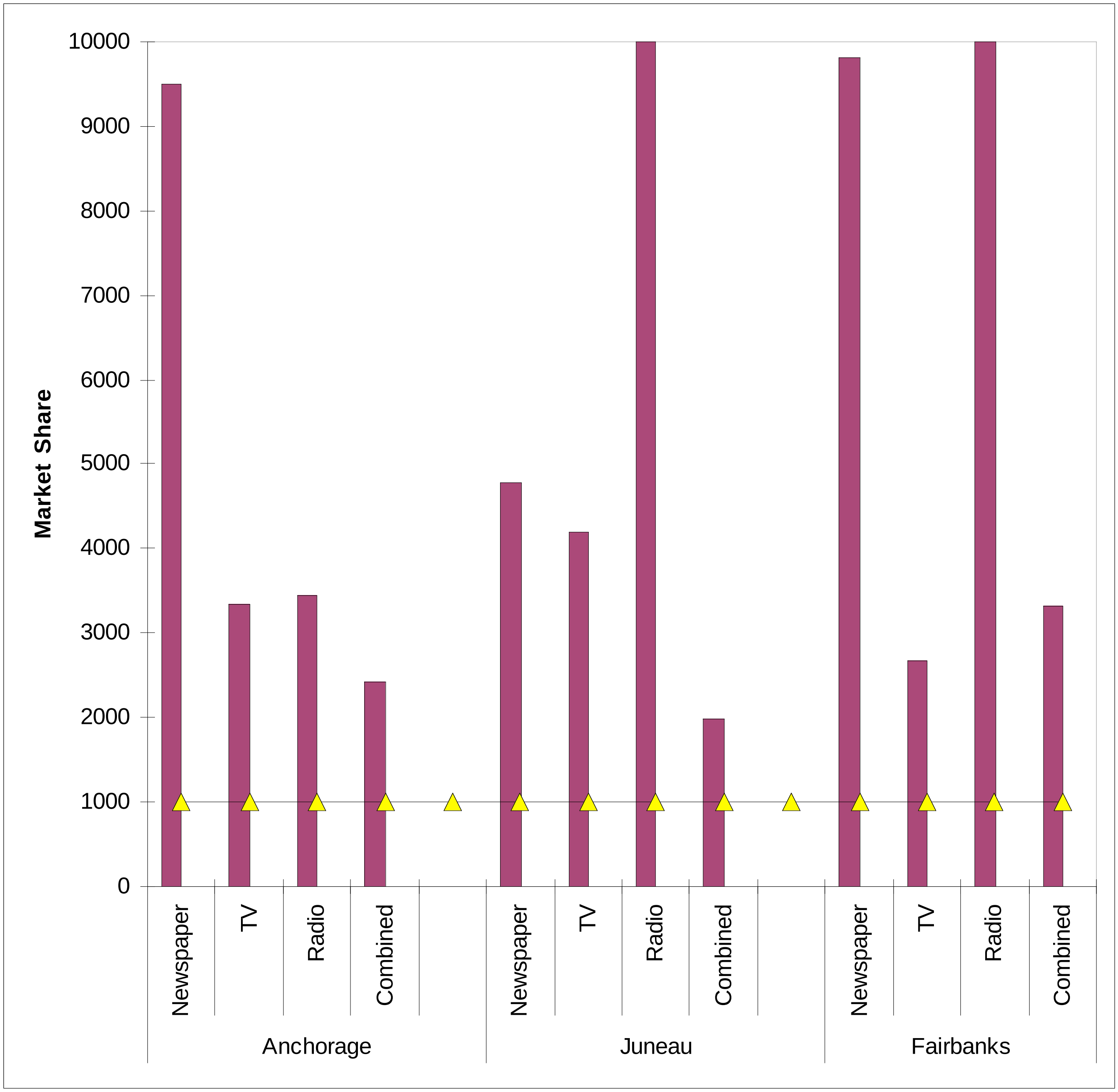
**Fairbanks**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium and the combined media indicates a highly concentrated market. Exhibit 2 shows the largest four firms have a combined market share of 90 percent to 100 percent for the individual media and 80 percent for the combined media, making them all tight oligopolies.

**Impact of Mergers:** Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield a substantial increase in the HHI, 1000 – 2000 points.

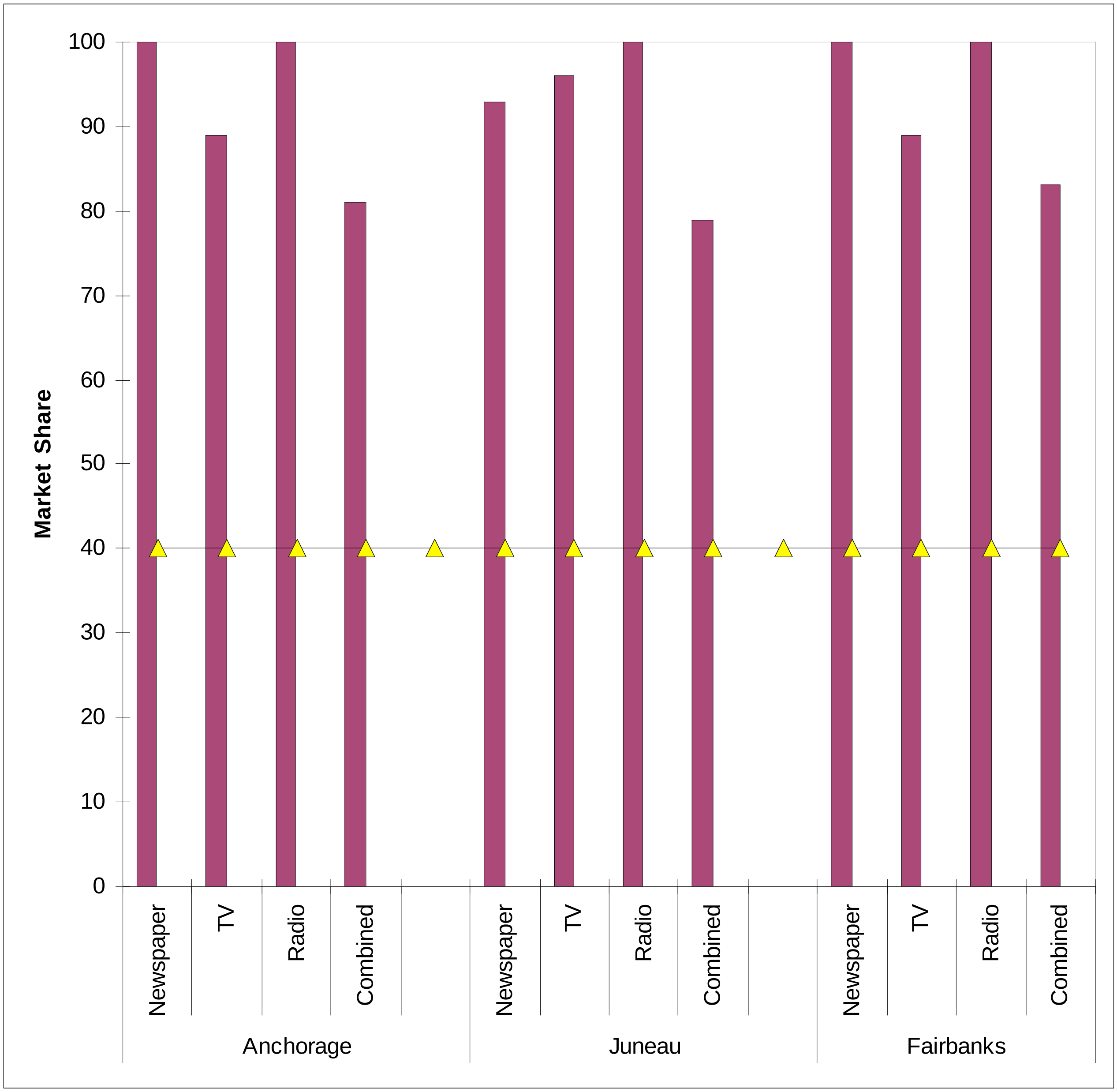
As shown in Exhibit 9, mergers would result in a market with a large firm that overshadows others in the market. The largest firm market share would rise from about 55 percent to 70 percent. By comparison, the second firm would be much smaller, with a share less than 10 percent.

**EXHIBIT 1:**
**ALASKA: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ **= Concentrated above 1,000**

**EXHIBIT 2:**
**ALASKA: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**ALASKA: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Share Four Firm Before | Four Firm After | Before | After |
|---|---|---|---|---|---|---|---|---|---|
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Anchorage | 2412 | 4508 | Highly concentrated | Violated | NA (one daily) | 81% | 85% | 39% | 66% |
| Juneau | 1976 | 3853 | Highly concentrated | Violated | Violated | 79% | 88% | 30% | 58% |
| Fairbanks | 3221 | 5011 | Highly concentrated | Violated | NA (one daily) | 83% | 87% | 54% | 70% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Anchorage | 2412 | 3273 | Highly concentrated | Violated | NA (one daily) | 81% | 85% | 39% | 50% |
| Juneau | 1976 | 3162 | Highly concentrated | Violated | Violated | 79% | 88% | 30% | 37% |
| Fairbanks | 3221 | 4006 | Highly concentrated | Violated | NA (one daily) | 83% | 87% | 54% | 61% |

**EXHIBIT 4:**
**ANCHORAGE: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

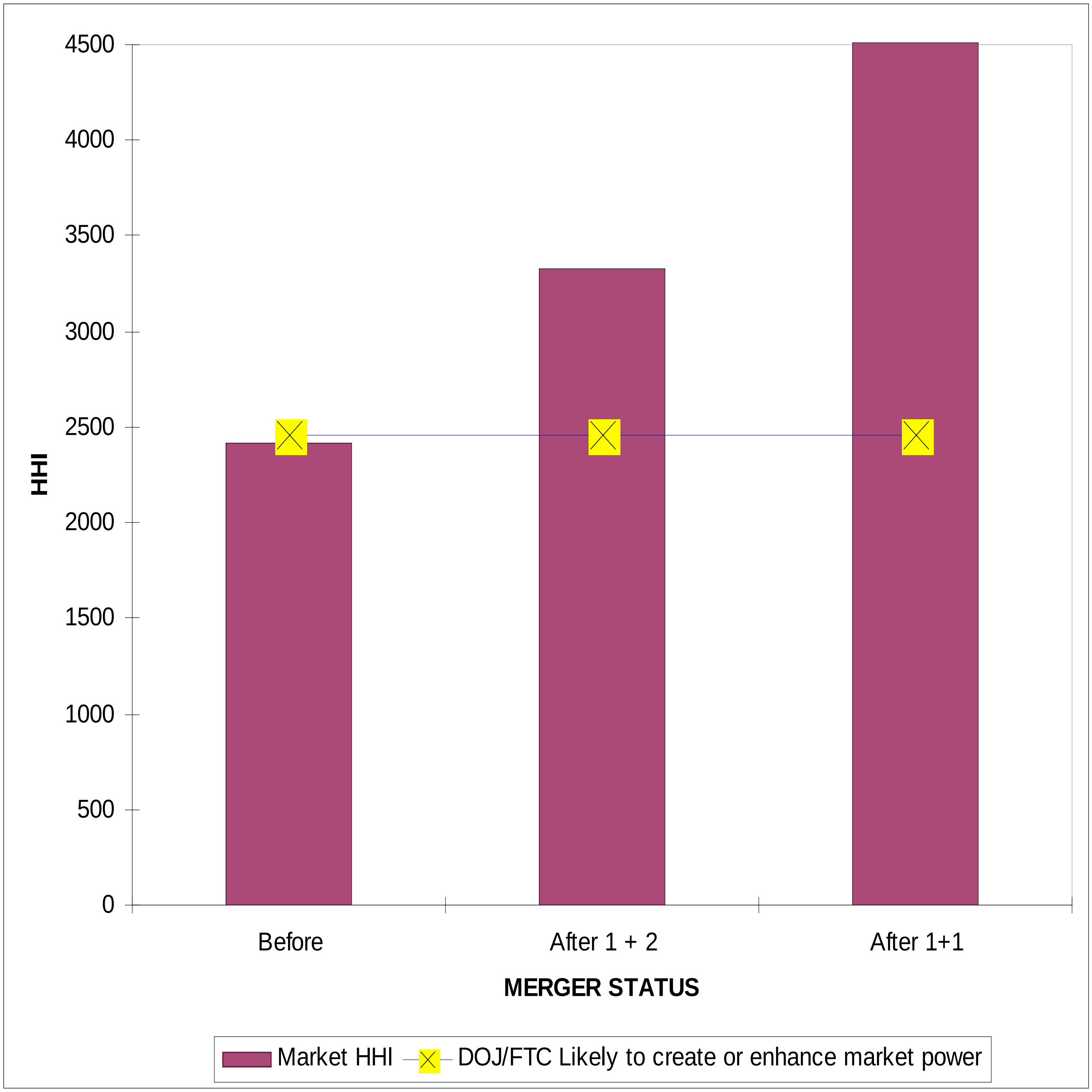
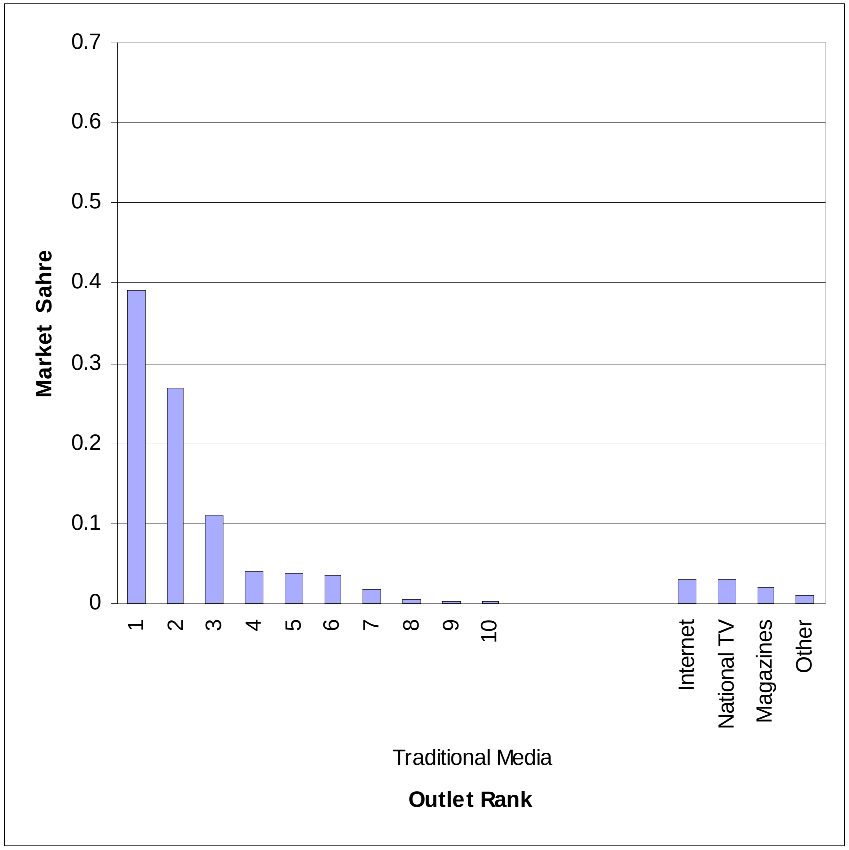


**EXHIBIT 5:**
**ANCHORAGE:**
**IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS**
**(Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**

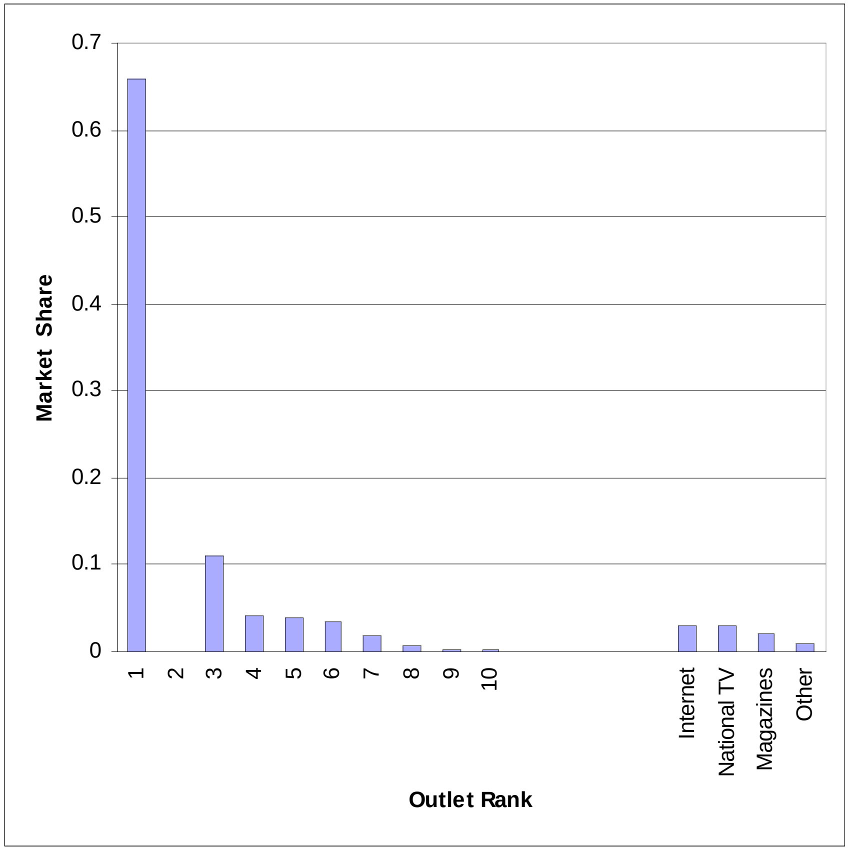


**EXHIBIT 6:**
**JUNEAU: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

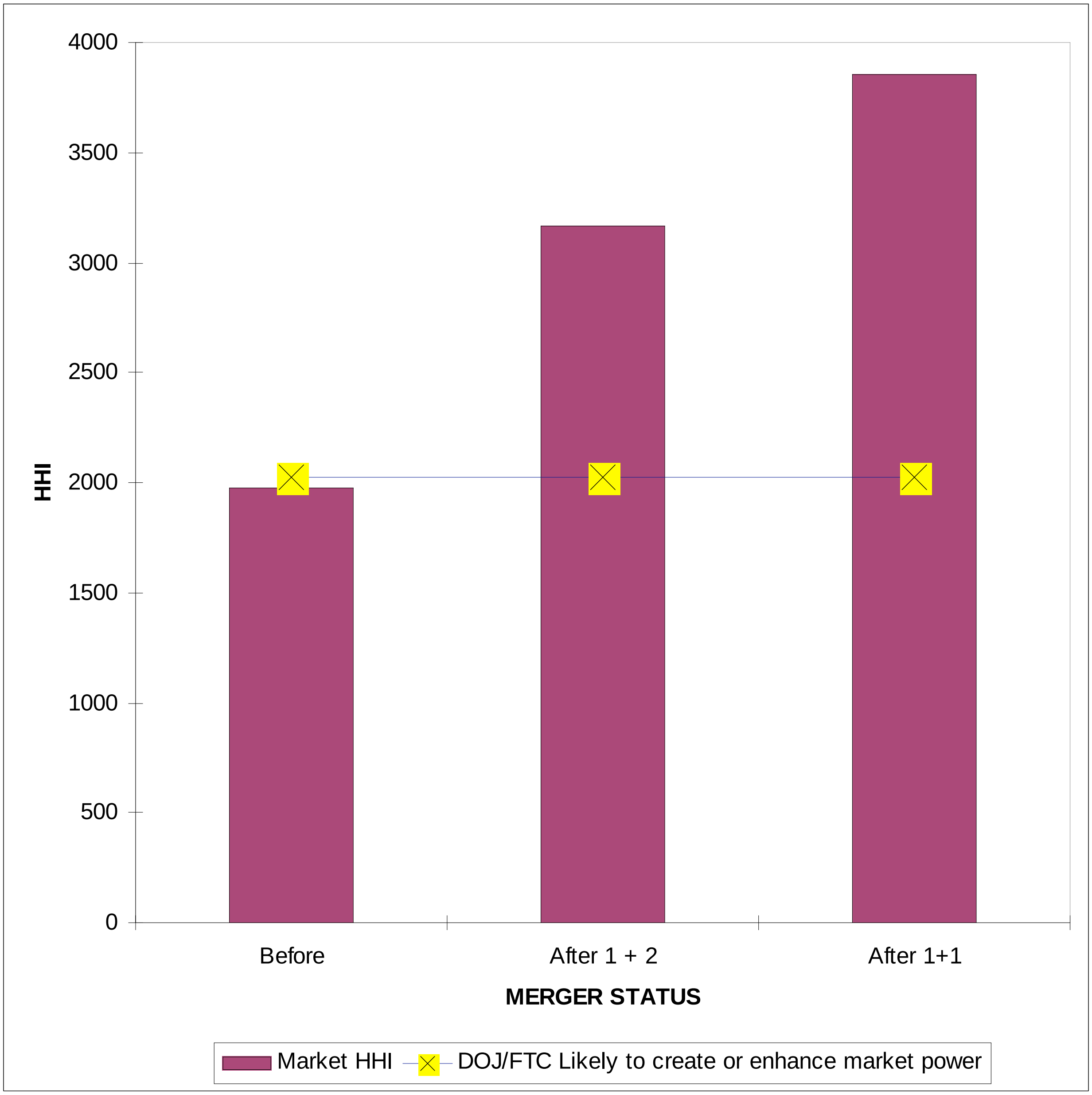
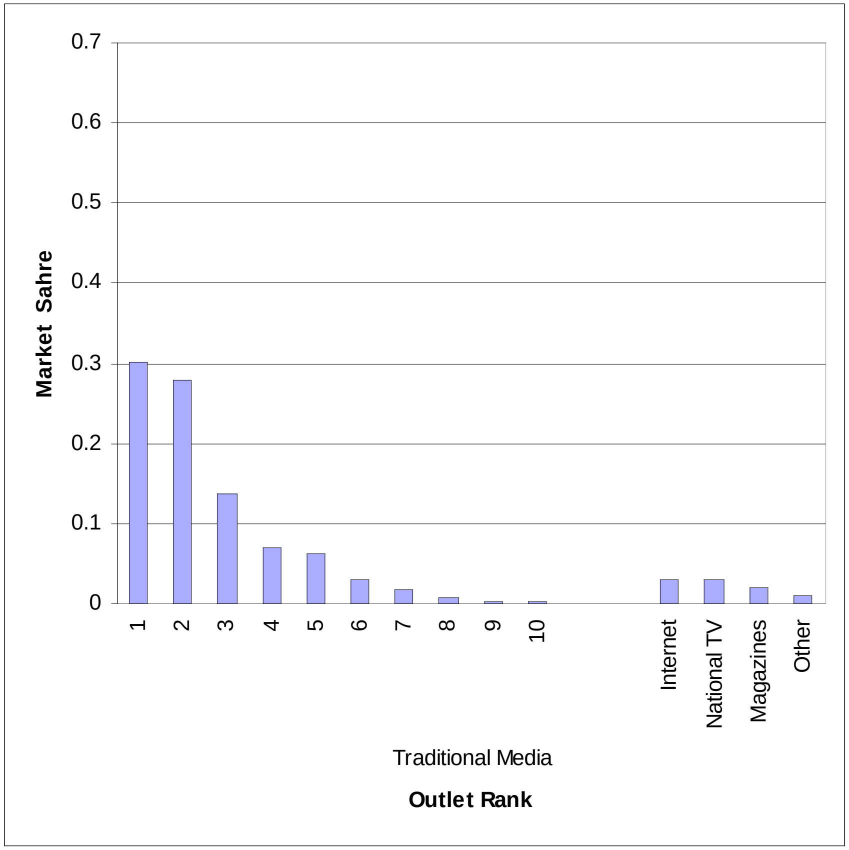


**EXHIBIT 7:**
**JUNEAU:**
**IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS**
**(Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

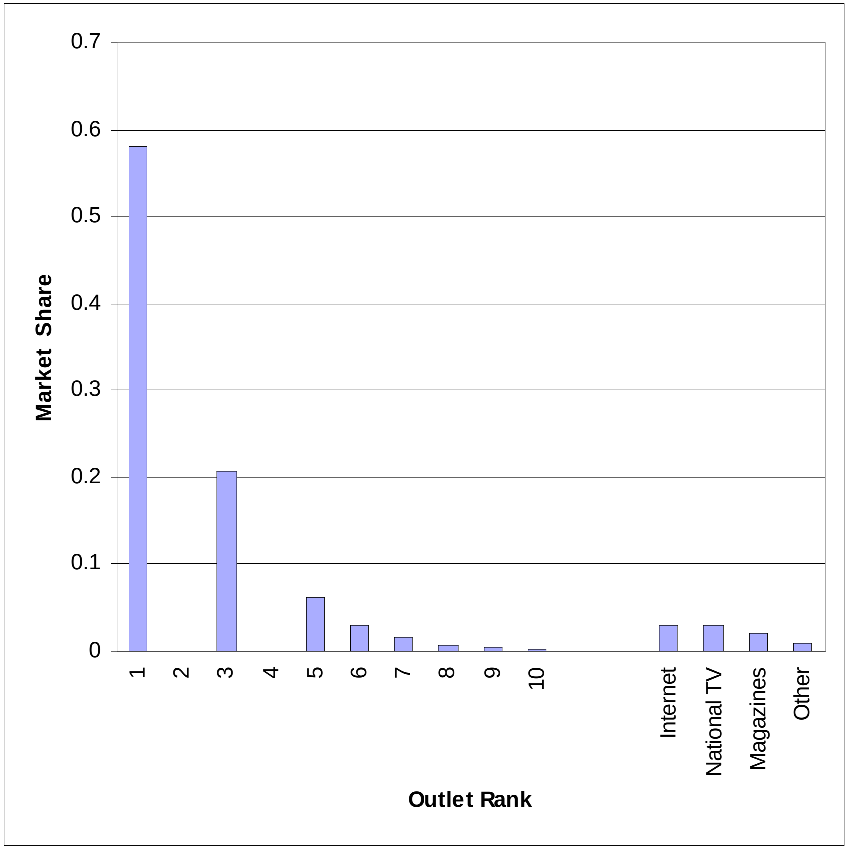


**EXHIBIT 8:**
**FAIRBANKS: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

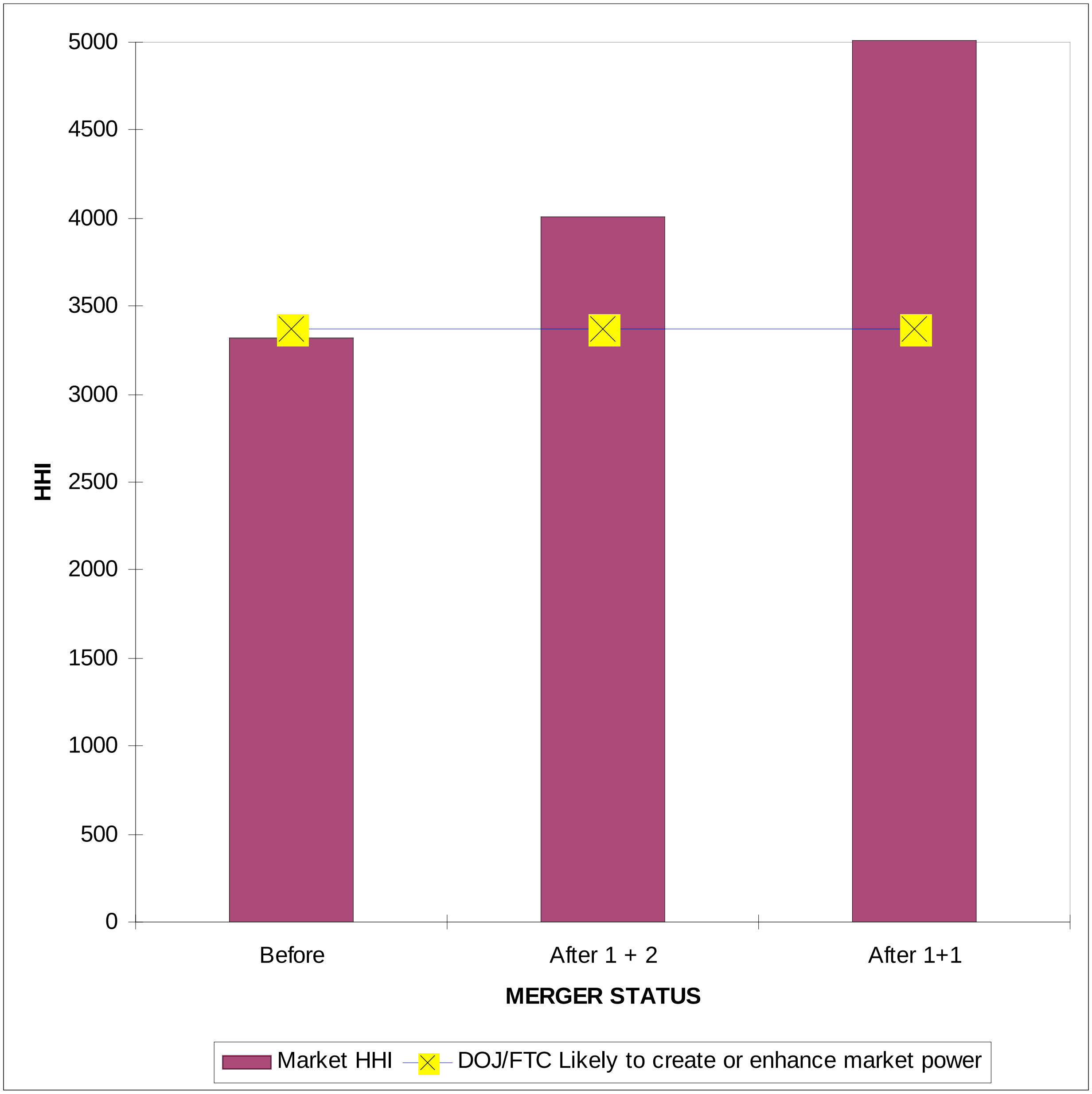
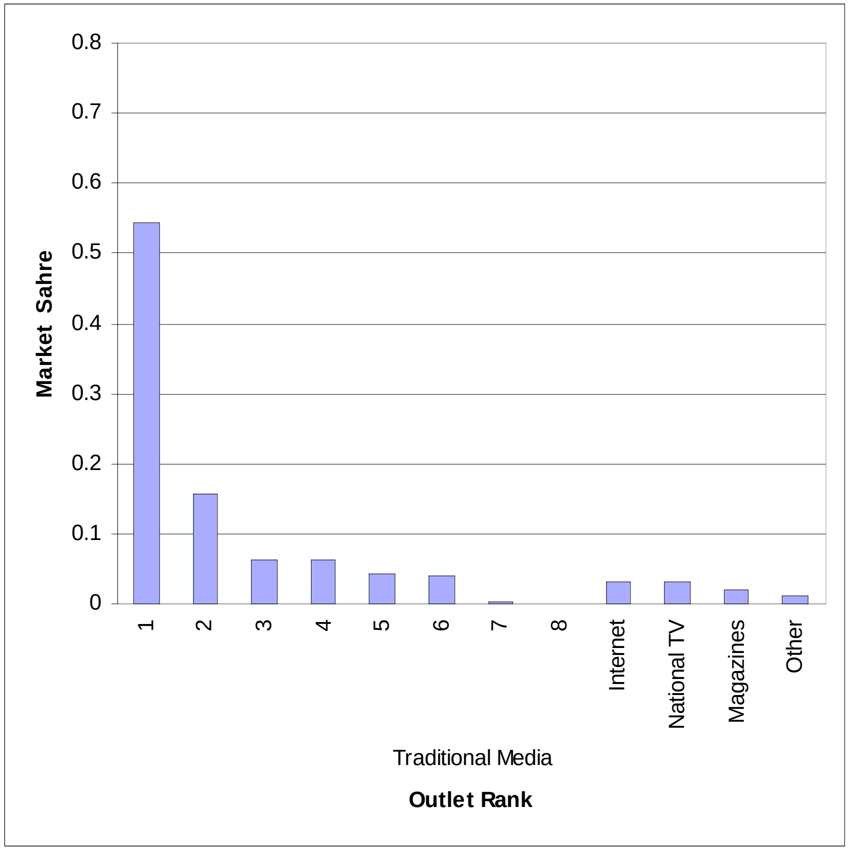
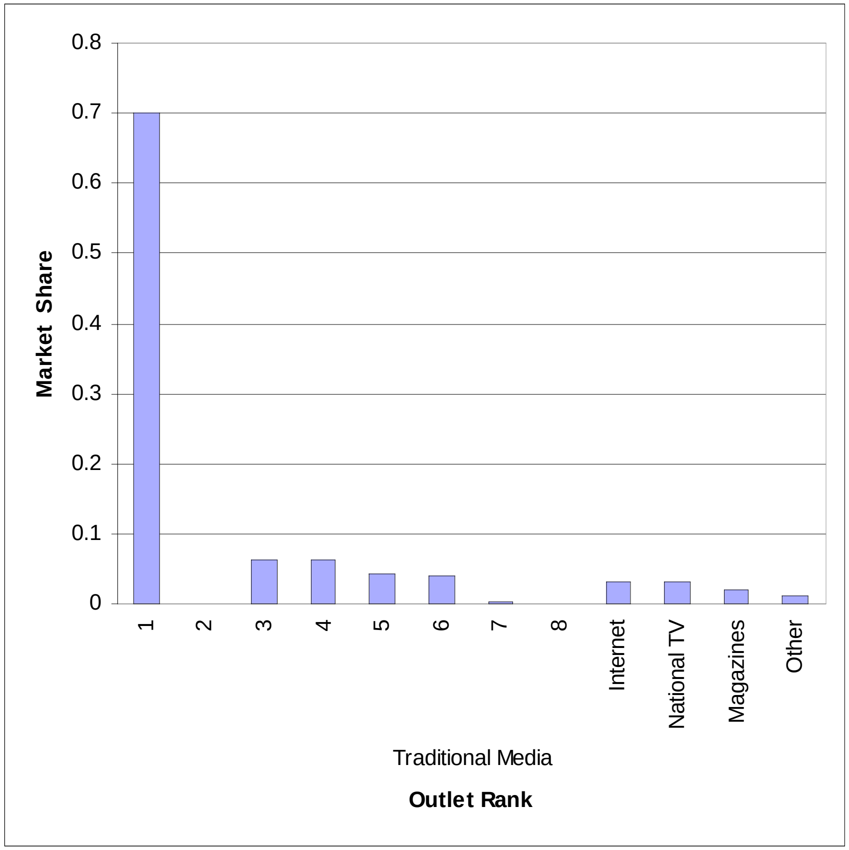


**EXHIBIT 9:**
**FAIRBANKS: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**



# STUDY 27: THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN ARKANSAS

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st}$ + $1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are concentrated, tight oligopolies in Fayetteville and Fort Smith and a highly concentrated, tight oligopoly in Little Rock. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Little Rock**

**Current Status:** As shown in Exhibit 1, the HHI for each individual media outlet indicates a highly concentrated market. The combined media market is highly concentrated as well. Exhibit 2 shows the largest four firms have a combined market share of 90 percent to 100 percent, while the combined market is over 80 percent, making them all tight oligopolies. When we combine all of the media outlets into a combined media market, we find that the overall market is highly concentrated and a tight oligopoly.

**Impact of Mergers:** As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2200 to a range of 3200 to 3800, and increase of 1000 - 1600 points.

As shown in Exhibits 3 and 5, the leading firm's market share would rise from just under 40 percent to almost 60 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, one-quarter the size, with a market share of about 15 percent. Together, the top two firms would have almost three quarters of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Fayetteville**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market. The combined media market is concentrated. Exhibit 2 shows the largest four firms have a combined market share of 90 percent to 100 percent for the individual media and over 60 percent for the combined media, making them all tight oligopolies.

**Impact of Mergers:** As shown in Exhibit 3 and 6, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 1300 to well over 2300. Thus, a concentrated market would become highly concentrated

As shown in Exhibit 7, the structure of the market would be dramatically altered. The market has three relatively equal sized firms and a second set of somewhat smaller firms. Mergers cross-media mergers would create a different pattern. The largest firm would have over a third of the market while the number two firm would have a quarter. Competitors would be relatively smaller. If the largest firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Fort Smith**

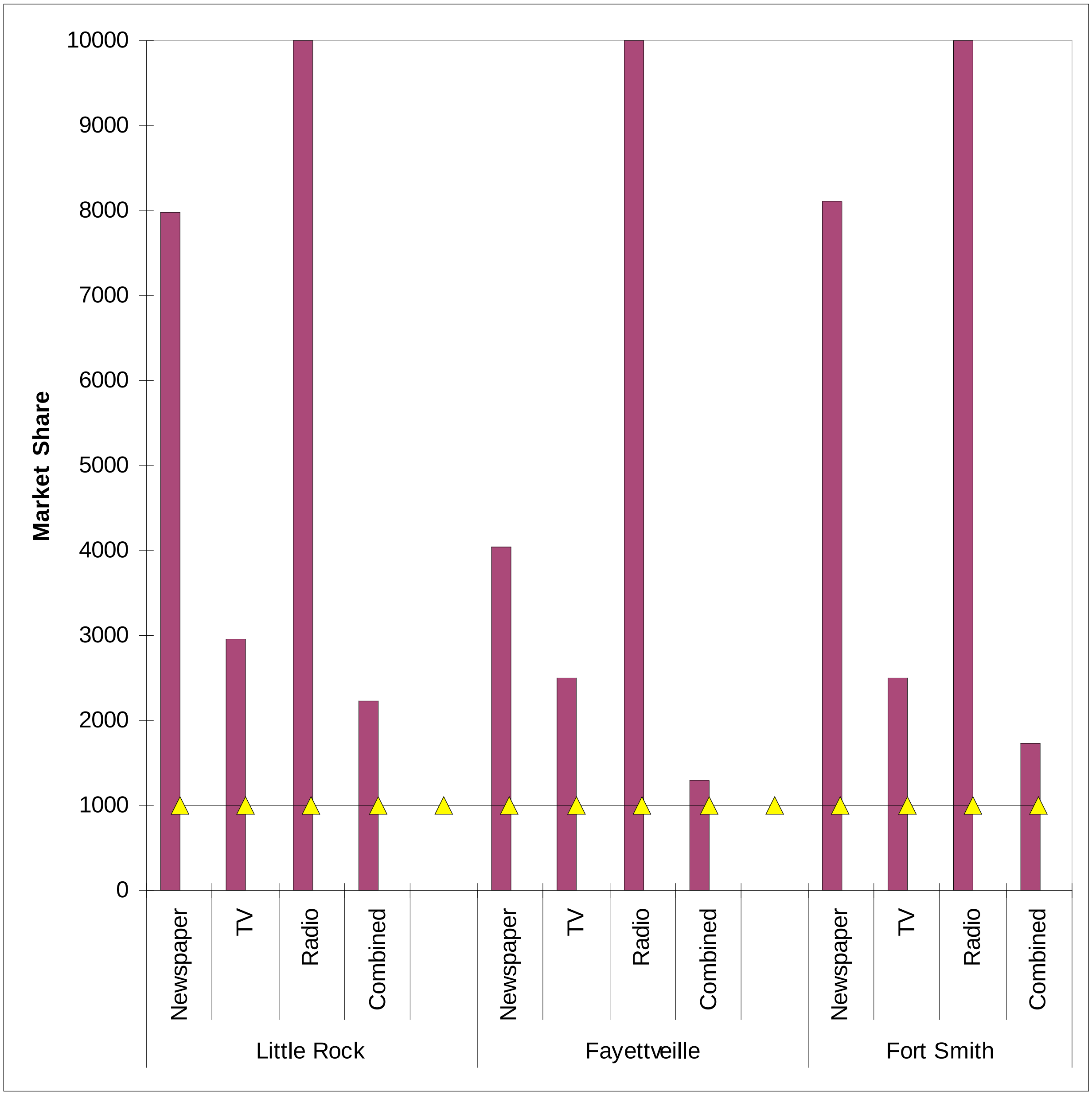
**Current Status:** As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market. The combined media market is concentrated. Exhibit 2 shows the largest four firms have a combined market share of 90 percent to 100 percent for the individual media and over 75 percent for the combined media, making them all tight oligopolies.

**Impact of Mergers:** Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield a substantial increase in the HHI, about 1000 points. A concentrated market would become highly concentrated.

As shown in Exhibit 9, mergers would result in a market with a large firm that overshadows others in the market.  The largest firm market share would rise from just under 30 percent to almost over 45 percent.  By comparison, the second firm would be much smaller, with a share of 20 percent.  Together, the top two firms would have two-thirds of the market.

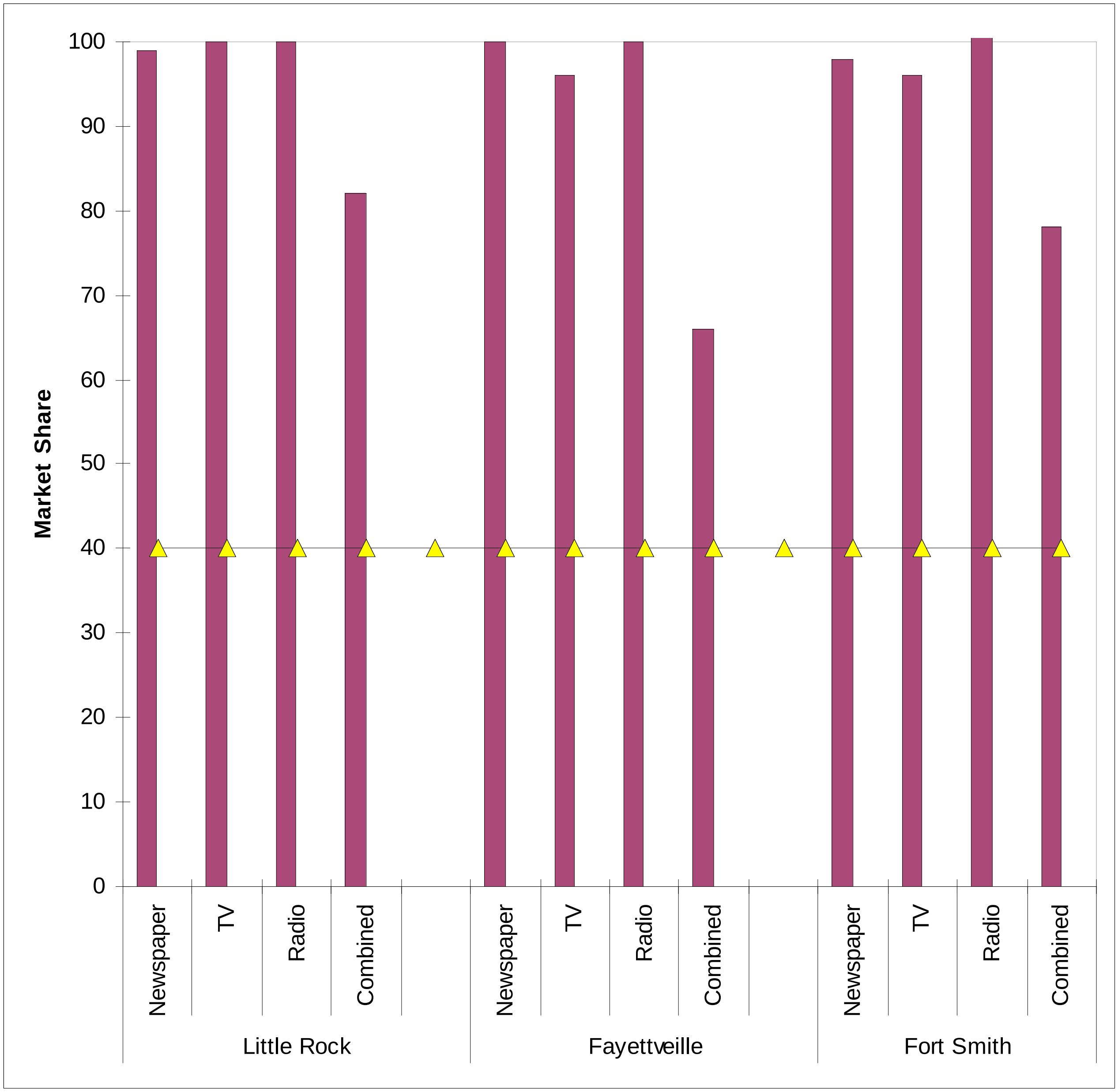
## EXHIBIT 1:

## ARKANSAS: CURRENT MEDIA MARKET STRUCTURE
## DOJ/FTC MERGER GUIDELINES HHI




△ **= Concentrated above 1,000**

**EXHIBIT 2:**
**ARKANSAS: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**WASHINGTON: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firms Shares Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Little Rock | 2221 | 3810 | Highly Concentrated | Violated | Violated | 82% | 89% | 39% | 59% |
| Fayetteville | 1294 | 2357 | Highly concentrated | Violated | NA (one daily) | 66% | 89% | 18% | 36% |
| Fort Smith | 1724 | 2887 | Highly concentrated | Violated | Violated | 78% | 90% | 28% | 56% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Little Rock | 2221 | 3263 | Highly Concentrated | Violated | Violated | 82% | 89% | 39% | 51% |
| Fayetteville | 1294 | 2350 | Highly concentrated | Violated | NA (one daily) | 66% | 89% | 18% | 25% |
| Fort Smith | 1724 | 2816 | Highly concentrated | Violated | Violated | 78% | 88% | 28% | 47% |

**EXHIBIT 4:**
**LITTLE ROCK: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

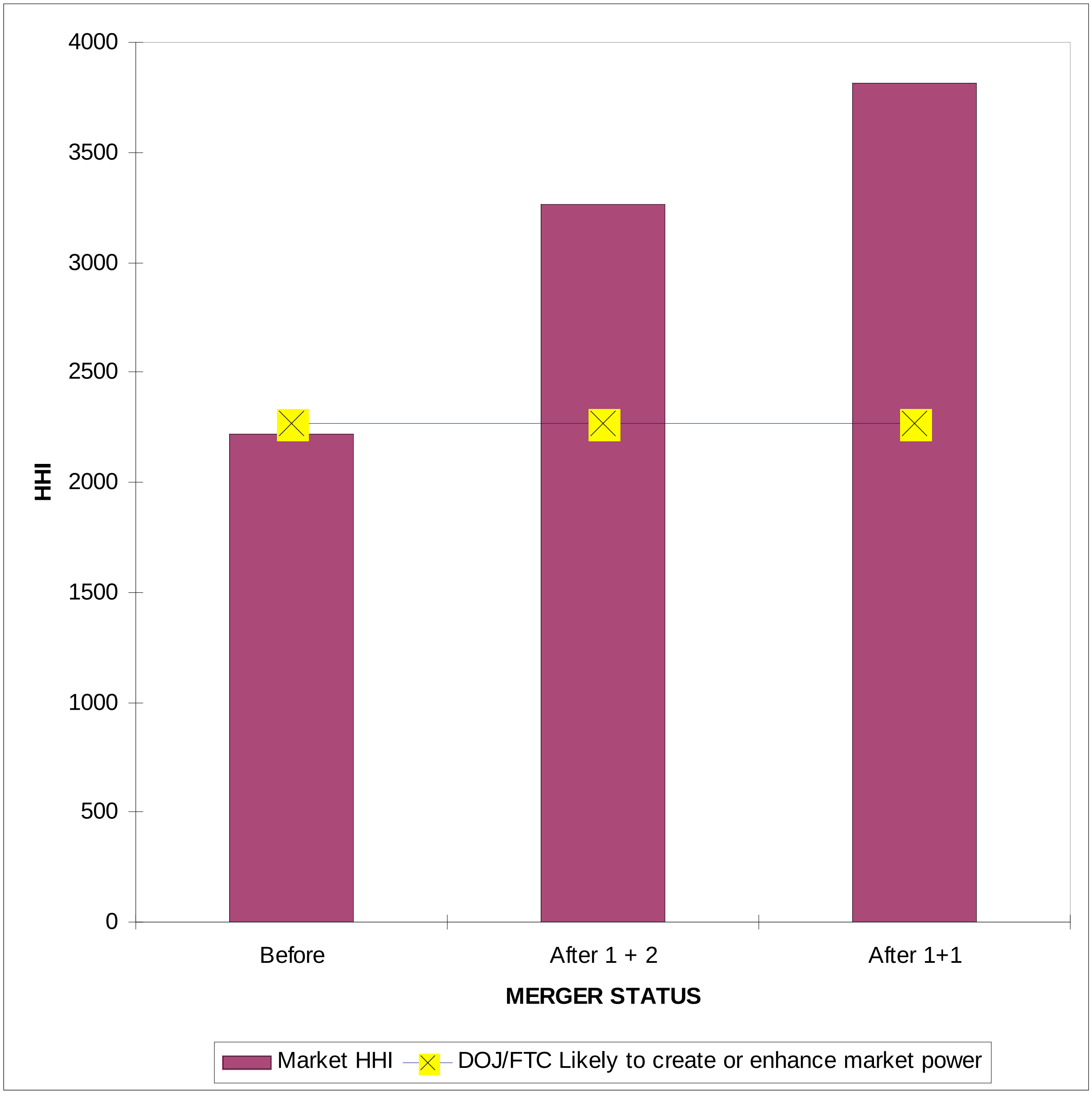
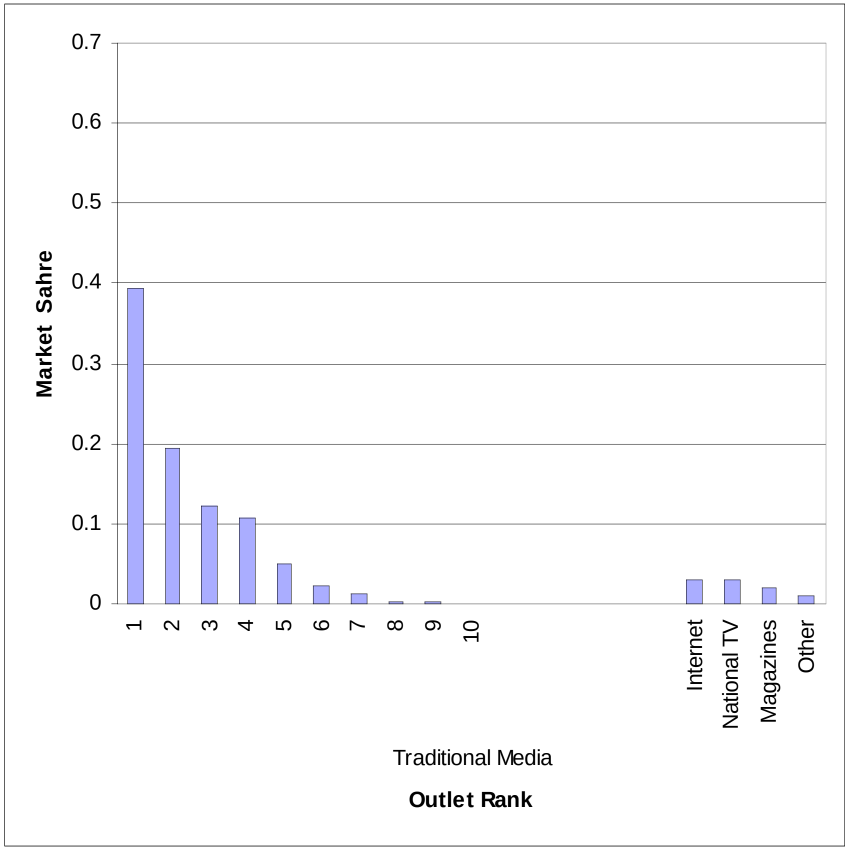


**EXHIBIT 5:**
**LITTLE ROCK:**
**IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS**
**(Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

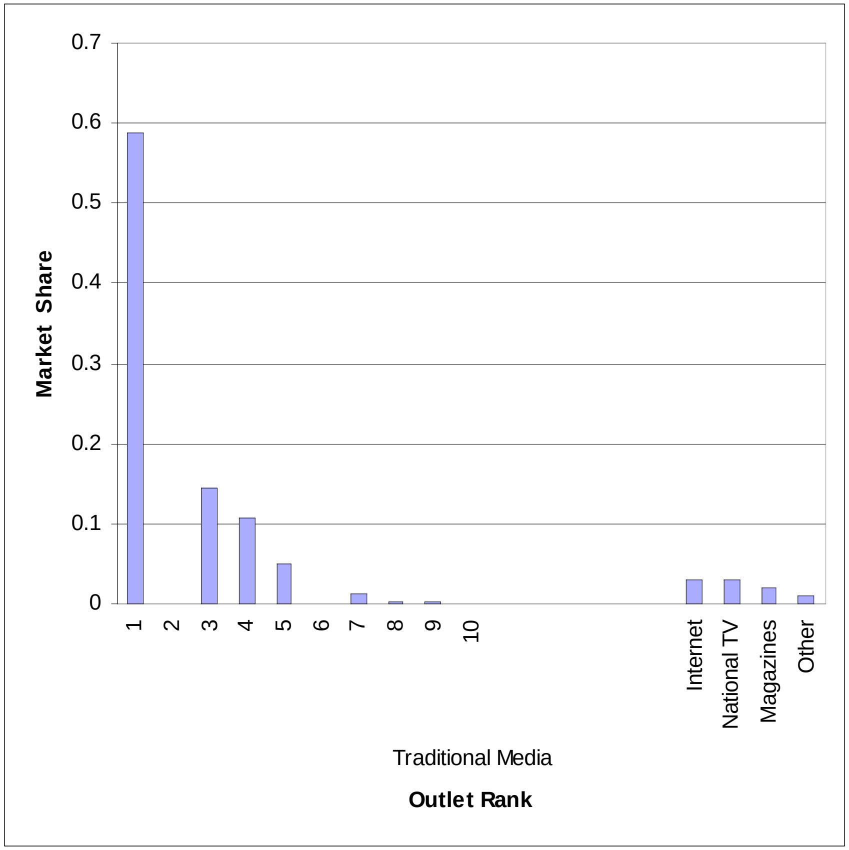


**EXHIBIT 6:**
**FAYETTEVILLE: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

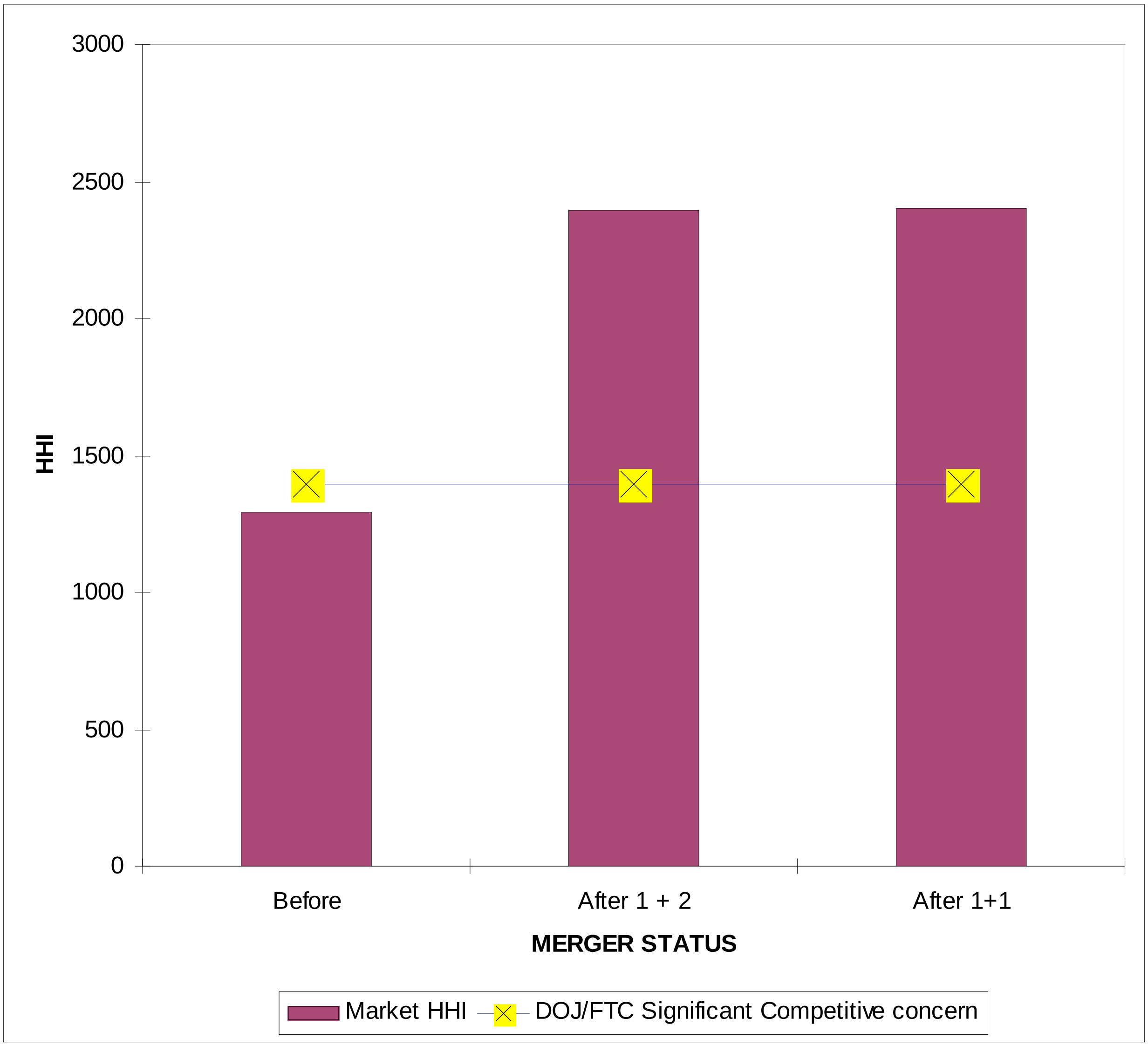
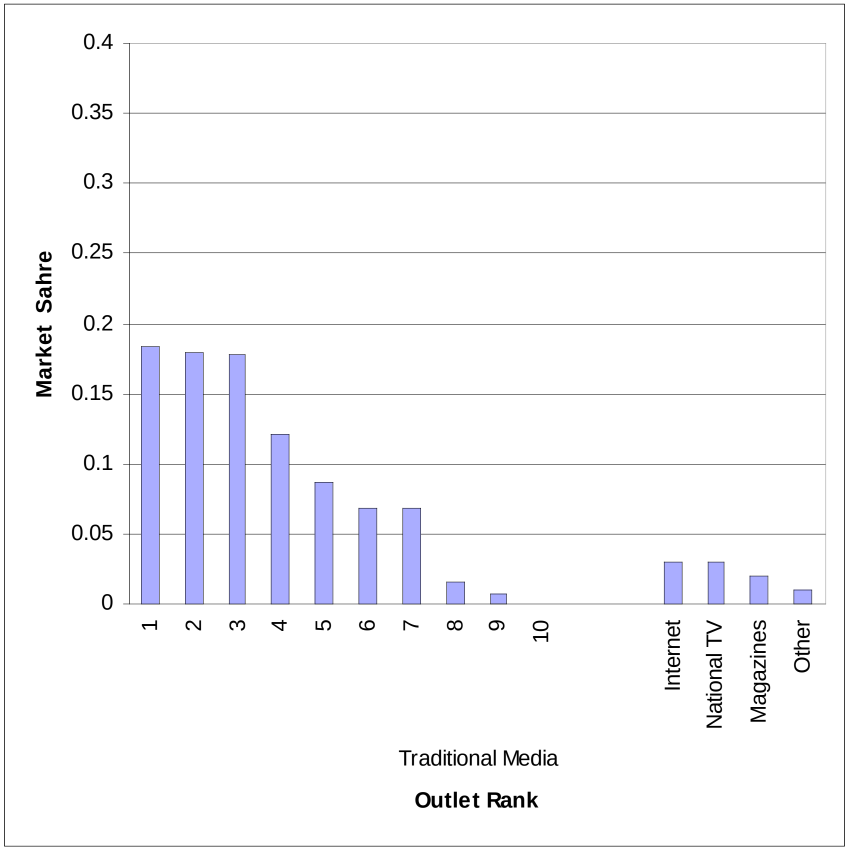


**EXHIBIT 7:**
**FAYETTEVILLE:**
**IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS**
**(Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

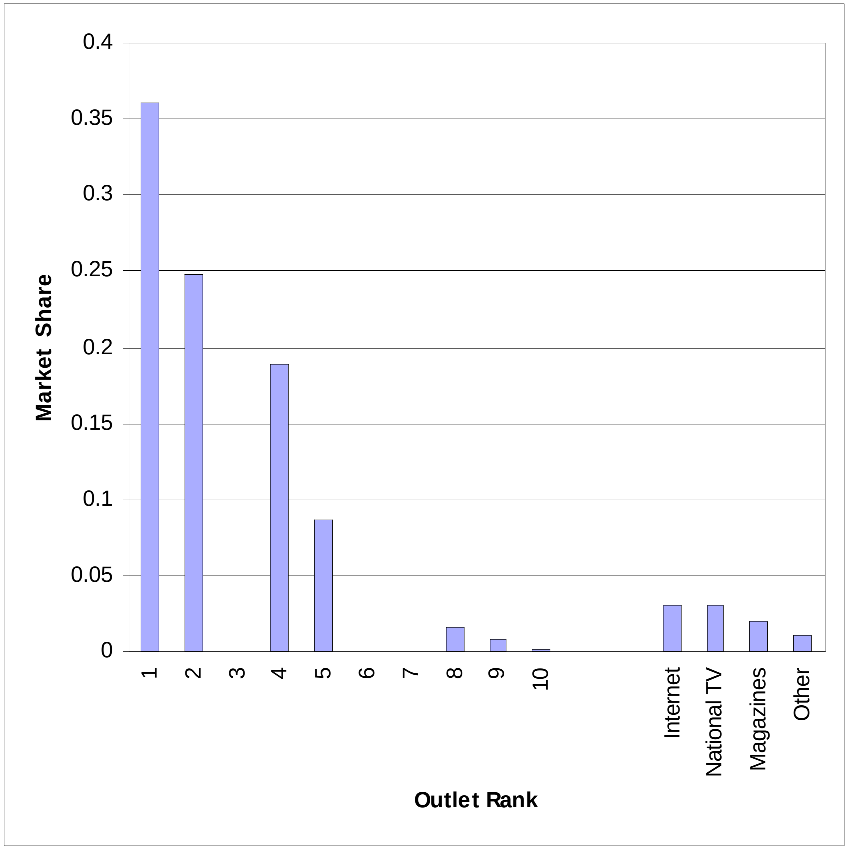
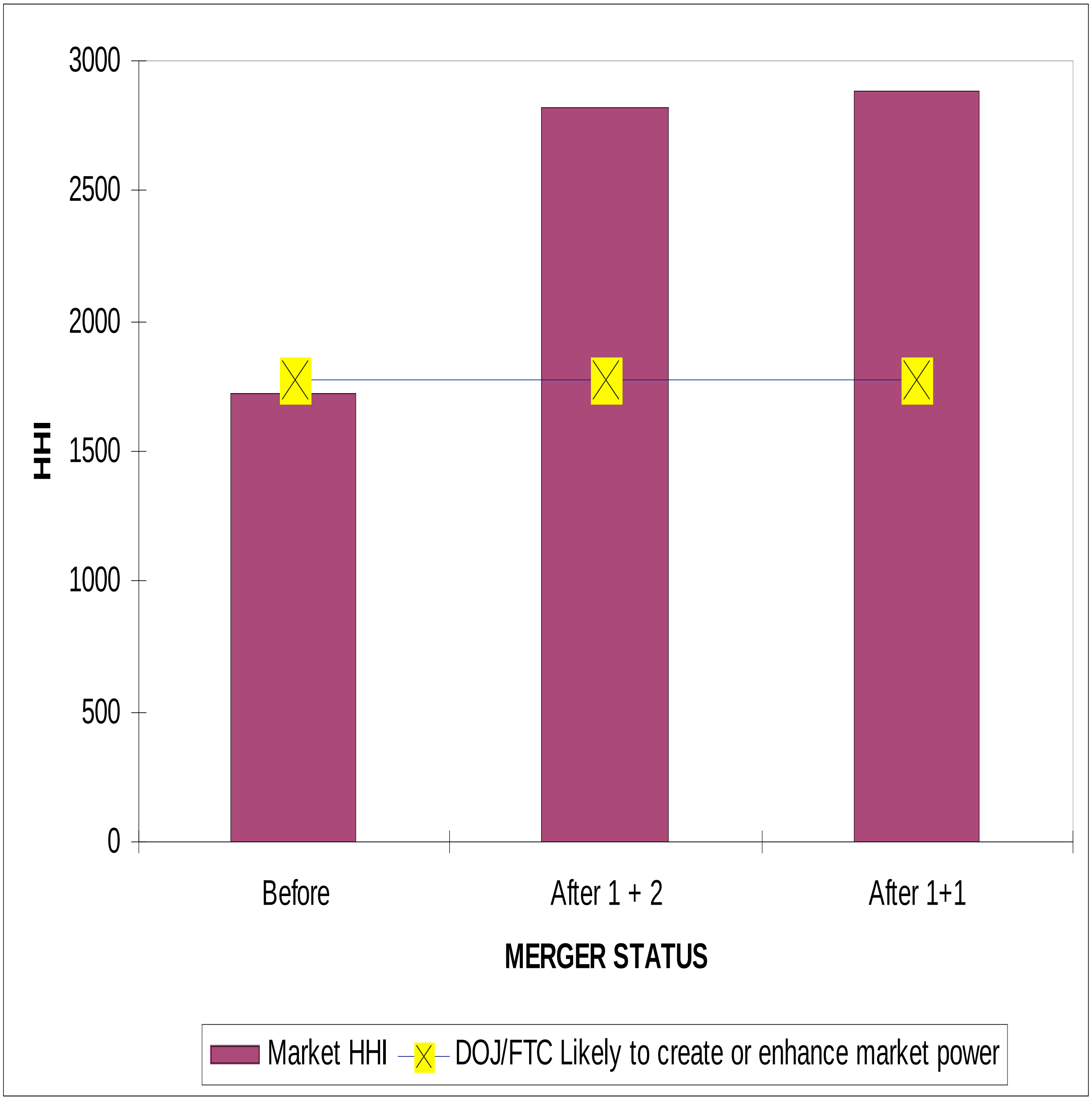
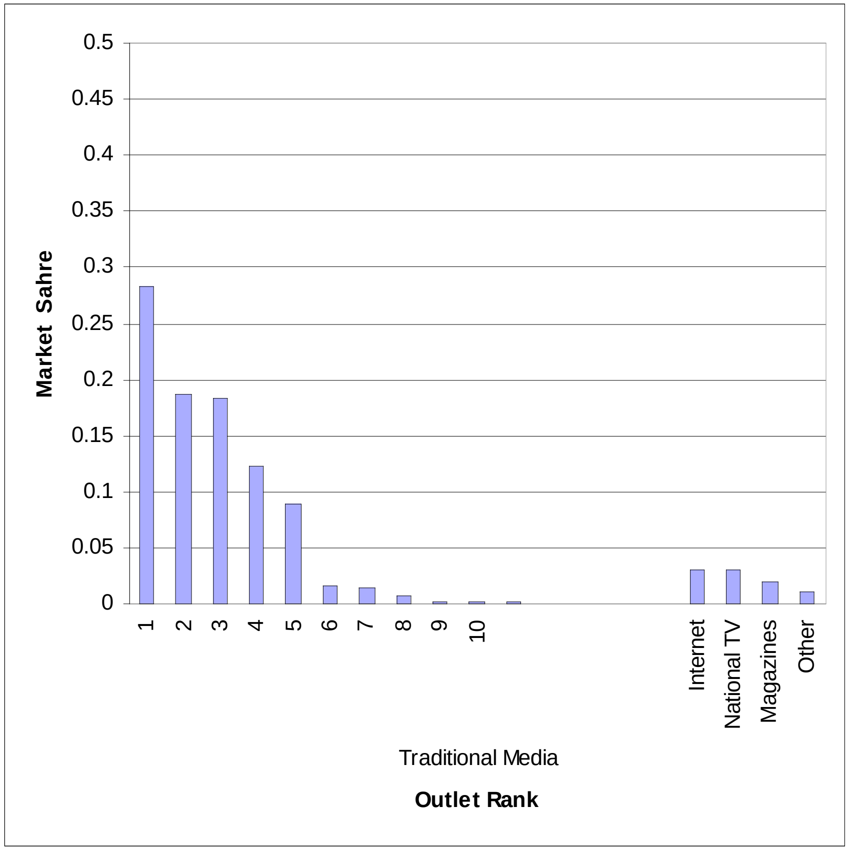


**EXHIBIT 8:**
**FORT SMITH: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

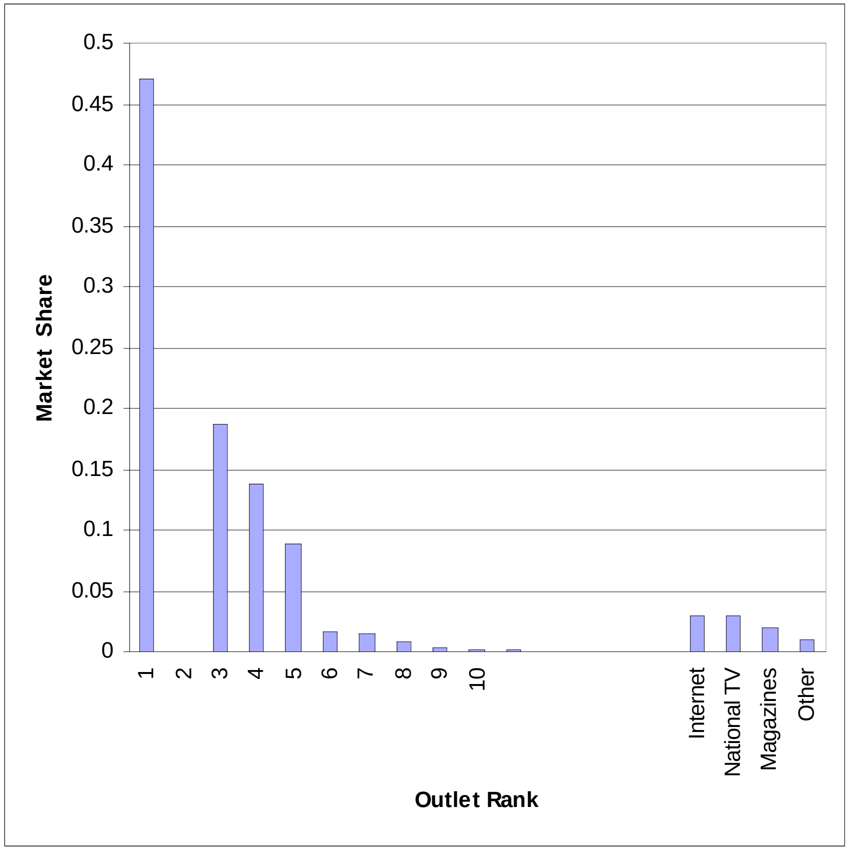


# EXHIBIT 9:
# FORT SMITH: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)

## CURRENT




## AFTER MERGERS (1st +1st Scenario)



# STUDY 28:
# THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN CALIFORNIA

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the 1$^{st}$ + 1$^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a concentrated and tight oligopoly. Newspapers and radios are highly concentrated. When we combine all the media into an overall media market, we find that the combined media markets in Sacramento and Palm Springs are highly concentrated, tight oligopolies, while Los Angeles is just below the threshold for a concentrated market. The four firm concentration ratio is above the level for an oligopoly, but below the threshold for a tight oligopoly. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Los Angeles**

**Current Status:** As shown in Exhibit 1, in Los Angeles the HHI for newspapers and radio is well into the highly concentrated range. TV is concentrated. The overall market is just below the concentrated threshold. Exhibit 2 shows the largest four firms have in each of the individual media have a market share of 75 percent to 90 percent, making them all tight oligopolies. When we combine all of the media outlets into a combined media market, we find that the overall market is just below the concentrated level and an oligopoly.

**Impact of Mergers:** Even in Los Angeles, the second largest market in the country and one of the least concentrated, any cross media merger involving the top newspaper and TV firms would increase concentration in excess of the DOJ/FTC *Merger Guidelines.* As shown in Exhibits 3 and 4, under both of the scenarios considered, Los Angeles would become a concentrated, tight oligopoly, with the HHI rising from just under 1000 to over 1700.

As shown in Exhibits 3 and 5, the change in the Los Angeles market that would result from a wave of newspaper-TV mergers is extremely troubling. In the current situation we find two leading entities (newspapers) and a number of other smaller competitors. Cross-media mergers would allow a small group of firms to dominate. The four firm concentration ratio would rise from 54 percent to 80 percent. The top three firms could increase their market share from just under half of the market to almost three quarters. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Sacramento**

**Current Status:** Needless to say, the other, smaller media markets are already much more concentrated. With newspaper-TV mergers allowed, the concentration would grow much greater. Most markets would be dominated by one or two firms.

As shown in Exhibit 1, in Sacramento every medium is highly concentrated and the overall market is just at the highly concentrated threshold. All are tight oligopolies. The four firm concentration ratios shown in Exhibit 2 are in the range of 80 percent to 90 percent for each medium, while the overall market is at 75 percent, making them all tight oligopolies. The newspaper market is dominated by a single entity.

**Impact of Mergers:** As shown in Exhibits 3 and 6, the market would be severely impacted by cross-media mergers. Every merger between a major TV station and the leading newspaper would violate the *Merger Guidelines* by a wide margin. A union between the dominant TV outlet and the dominant newspaper would raise the HHI by 1000 points or more.

As Exhibit 7 shows, a merger between the dominant newspaper and the top TV station would create a single entity that would account for over half of the market. Moreover, because one entity dominates each of the newspaper and TV markets, the second ranked outlet would be miniscule compared to the dominant firm.

**Palm Springs**

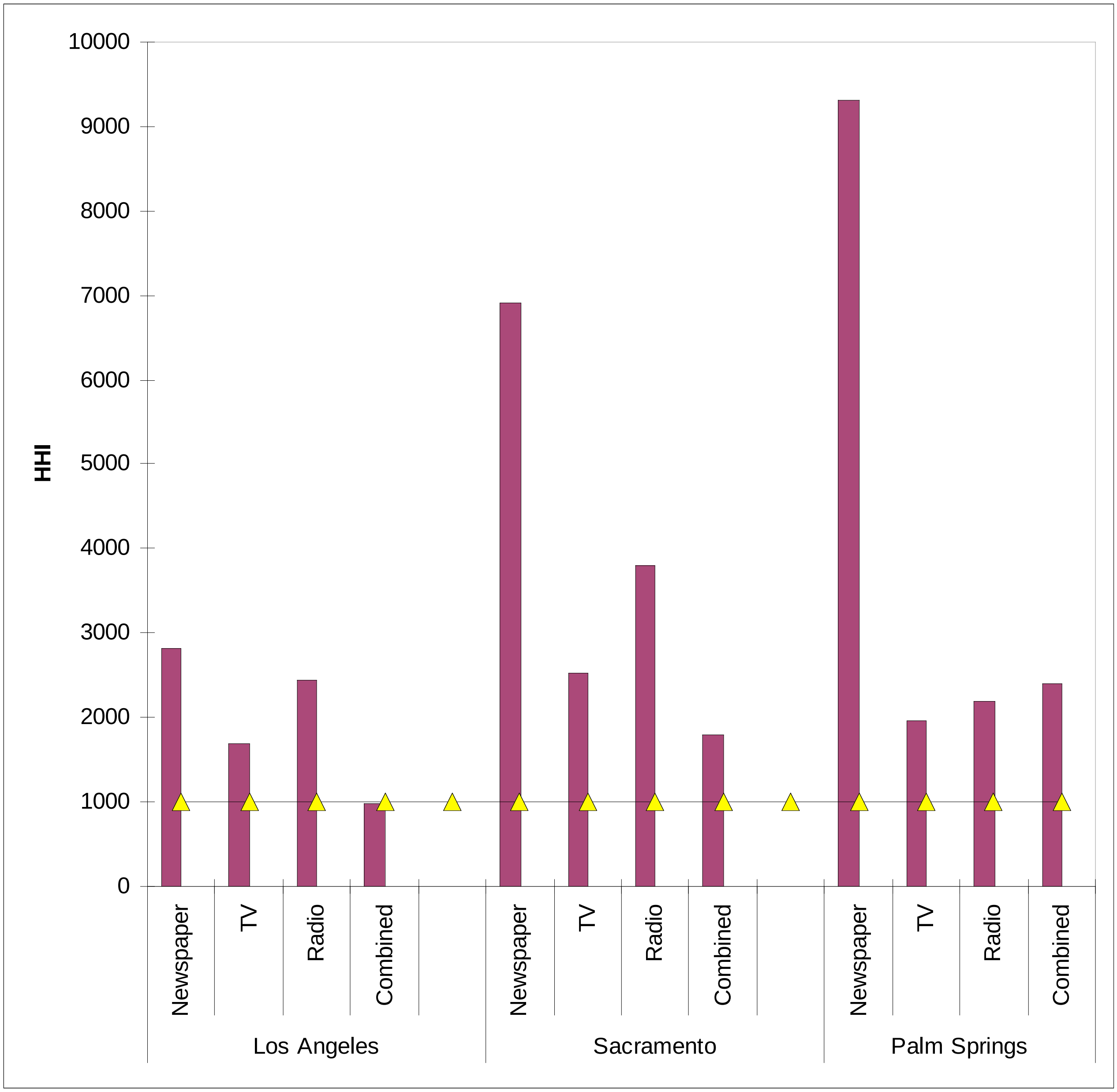
**Current Status:** As shown in Exhibit 1, Palm Springs is highly concentrated in each of the individual media and across the entire media market. Four firm concentration ratios in

Exhibit 2 are in the 80 percent to 100 percent range for the individual media and 75 percent for the combined market, making them all tight oligopolies. A single firm dominates the newspaper market.

**Impact of Mergers:** Because of the dominant position of the newspaper and two dominant television stations, any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield an increase in the HHI of over 1000 points.

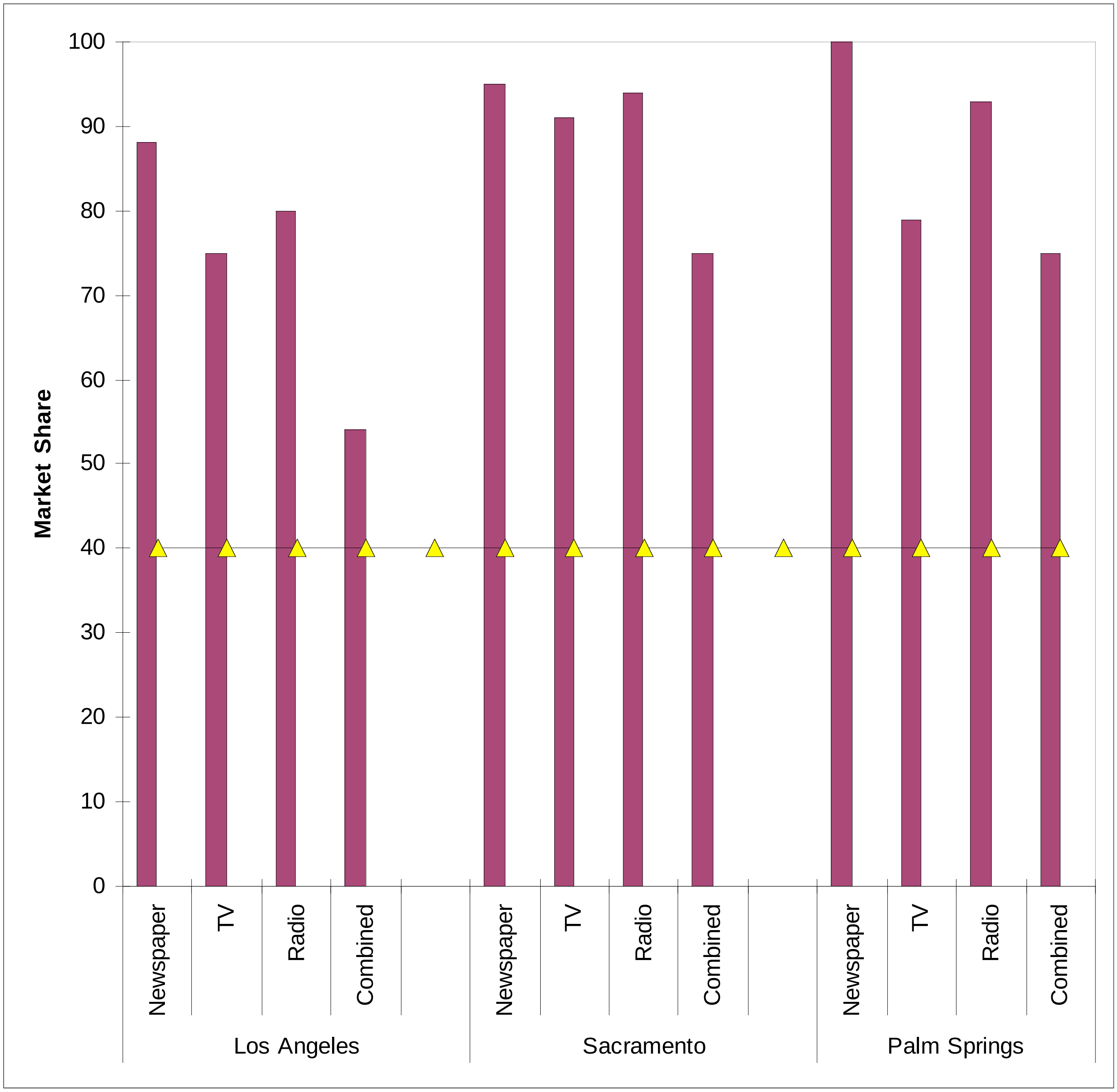
As shown in Exhibit 9, mergers would result in a market that would be dominated by a single entity with a market share increasing from 45 percent to almost 60 percent. The number two firm would be dwarfed by the leading newspaper-TV combination.

**EXHIBIT 1:**
**CALIFORNIA: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ = **Concentrated above 1,000**

**EXHIBIT 2:**
**CALIFORNIA: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**CALIFORNIA: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Shares Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Los Angeles | 980 | 1788 | Concentrated | Violated | Violated | 54% | 80% | 16% | 26% |
| Sacramento | 1799 | 3157 | Highly concentrated | Violated | Violated | 75% | 82% | 33% | 53% |
| Palm Springs | 2401 | 3762 | Highly concentrated | Violated | Violated | 75% | 84% | 44% | 59% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Los Angeles | 980 | 1756 | Concentrated | Violated | Violated | 54% | 80% | 16% | 24% |
| Sacramento | 1799 | 2797 | Highly concentrated | Violated | Violated | 75% | 82% | 33% | 47% |
| Palm Springs | 2401 | 3279 | Highly concentrated | Violated | Violated | 75% | 84% | 44% | 53% |

**EXHIBIT 4:**
**LOS ANGELES: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

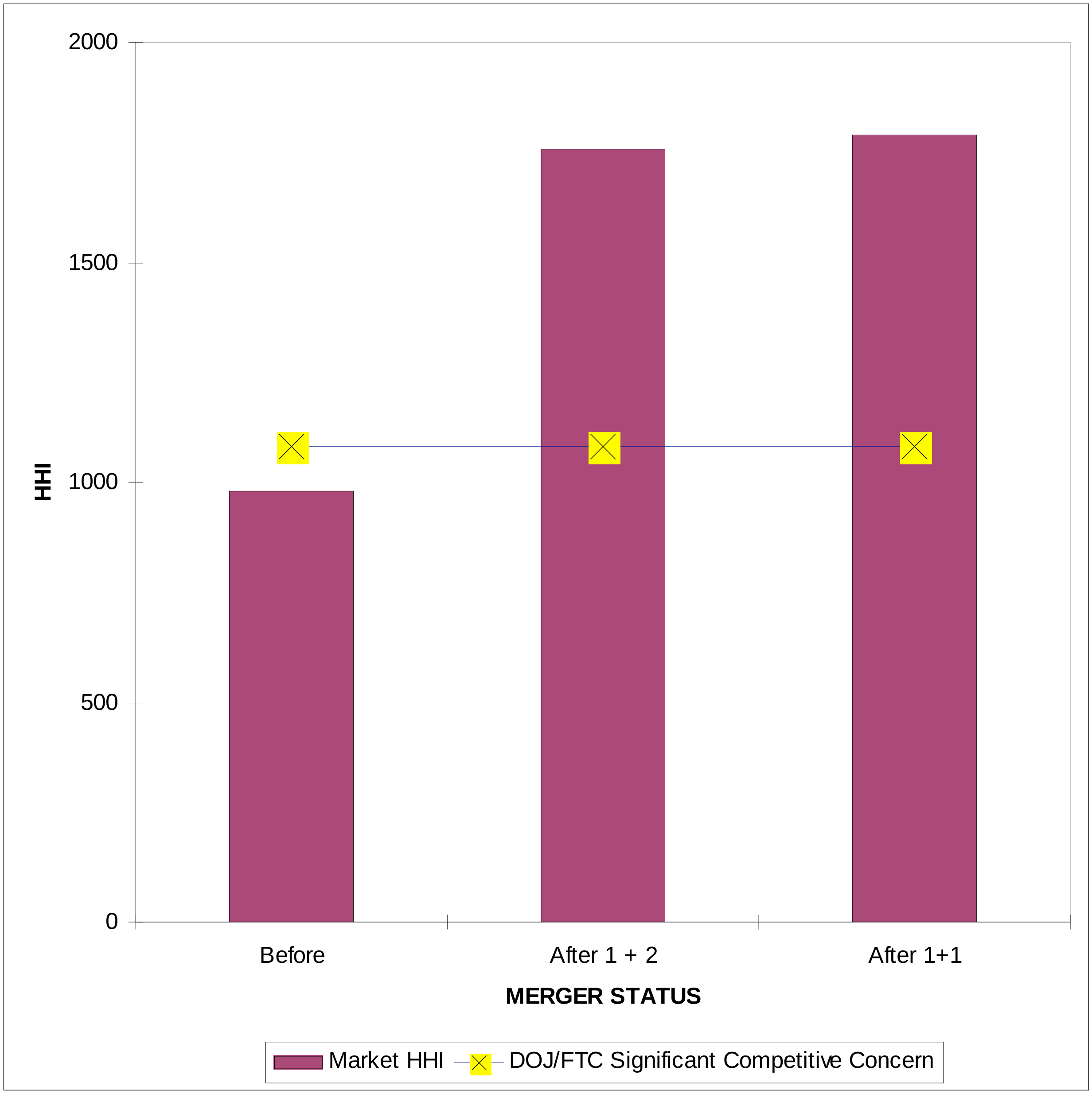
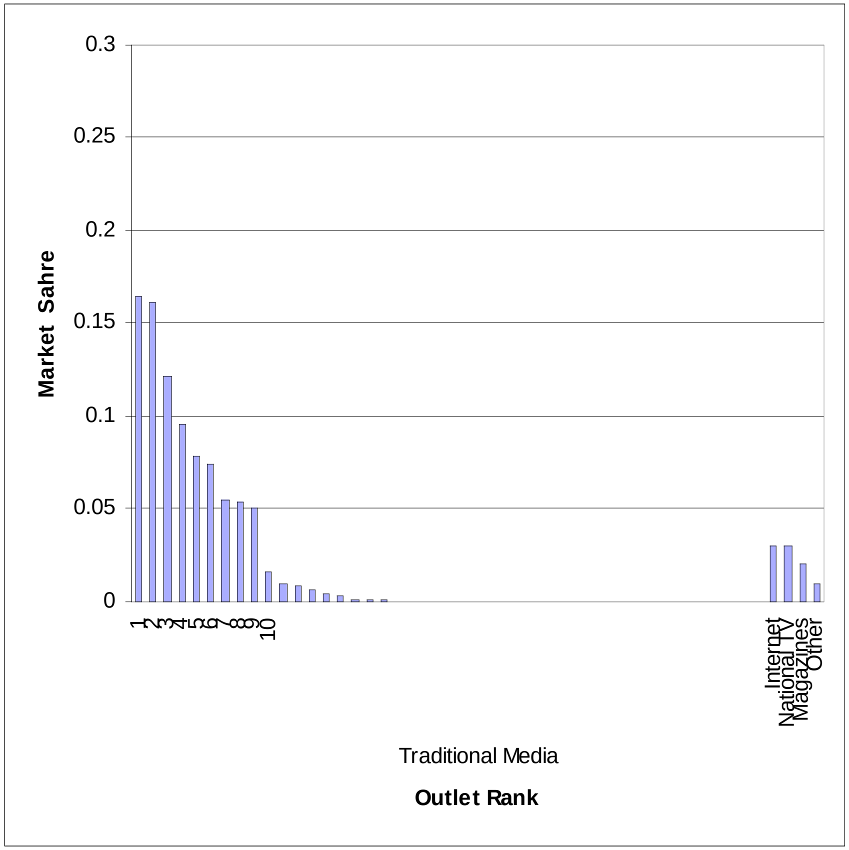


**EXHIBIT 5:**
**LOS ANGELES: IMPACT OF NEWSPAPER/TV MERGERS:**
**MARKET SHARE OF LEADING FIRMS**
**(Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

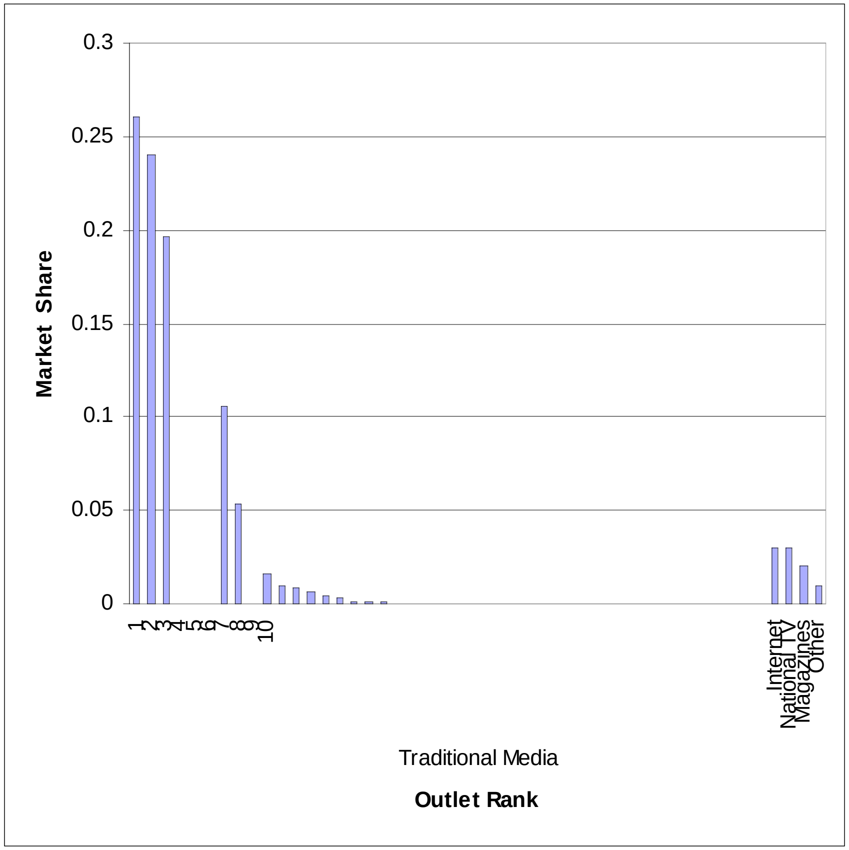


**EXHIBIT 6:**
**SACRAMENTO: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

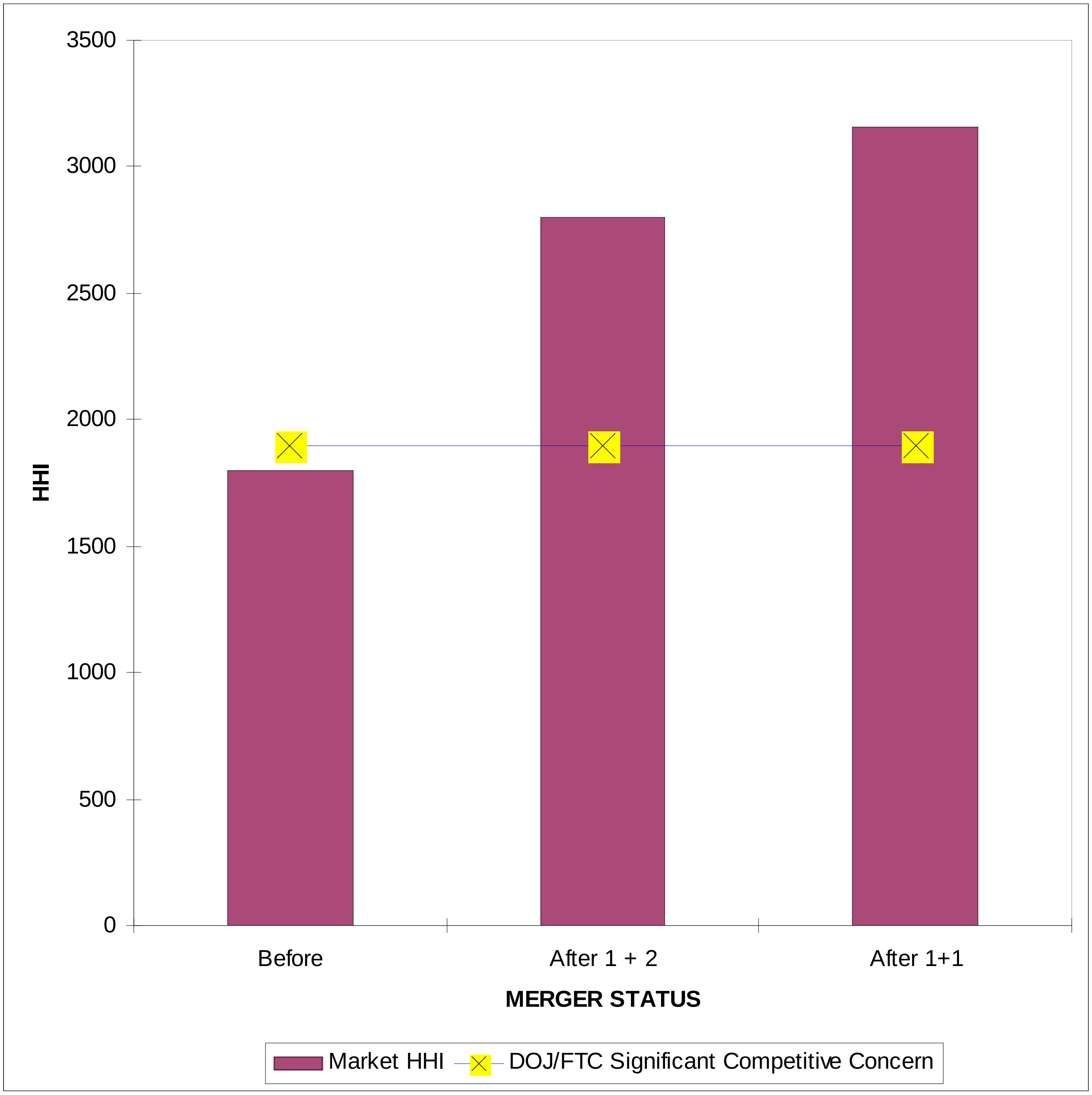
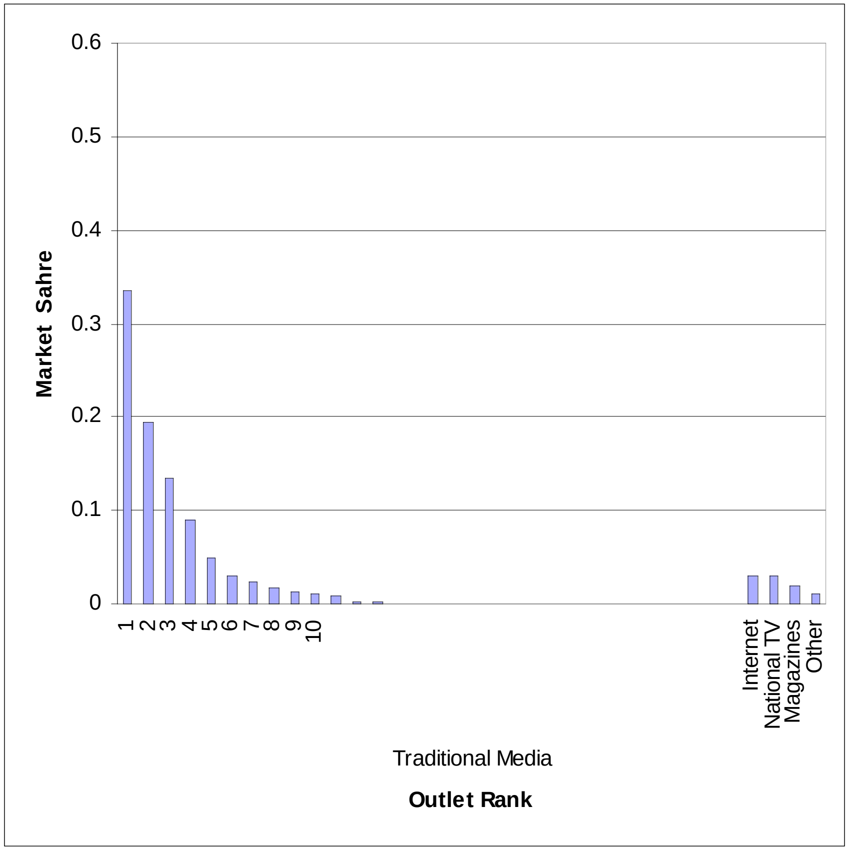


**EXHIBIT 7:**
**SACRAMENTO: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**

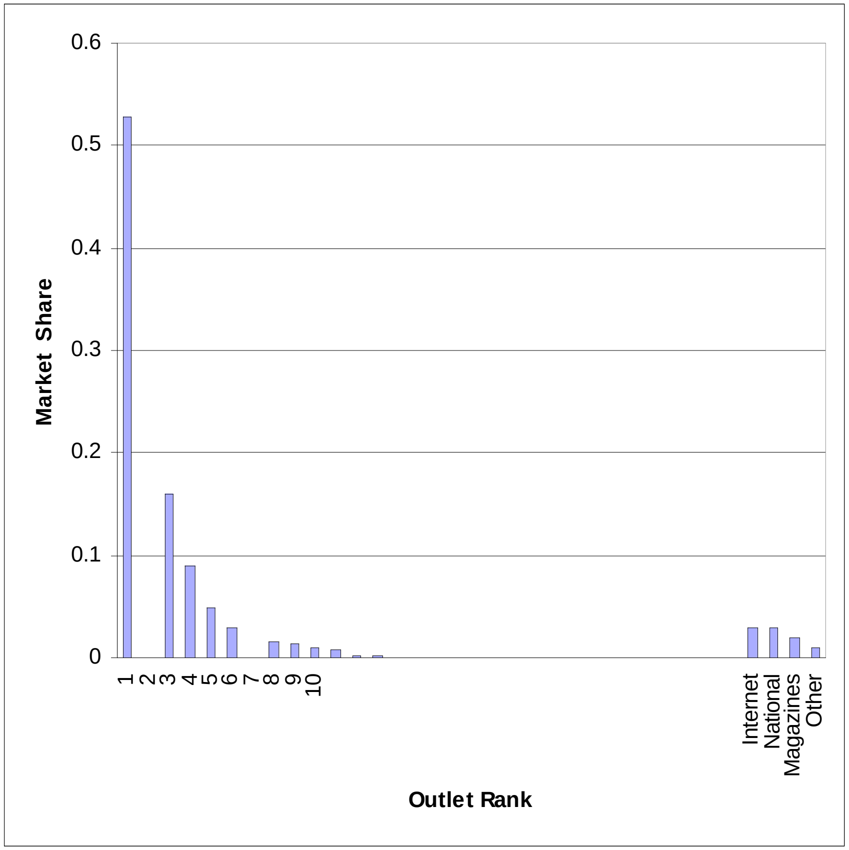


**EXHIBIT 8:**
**PALM SPRINGS: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

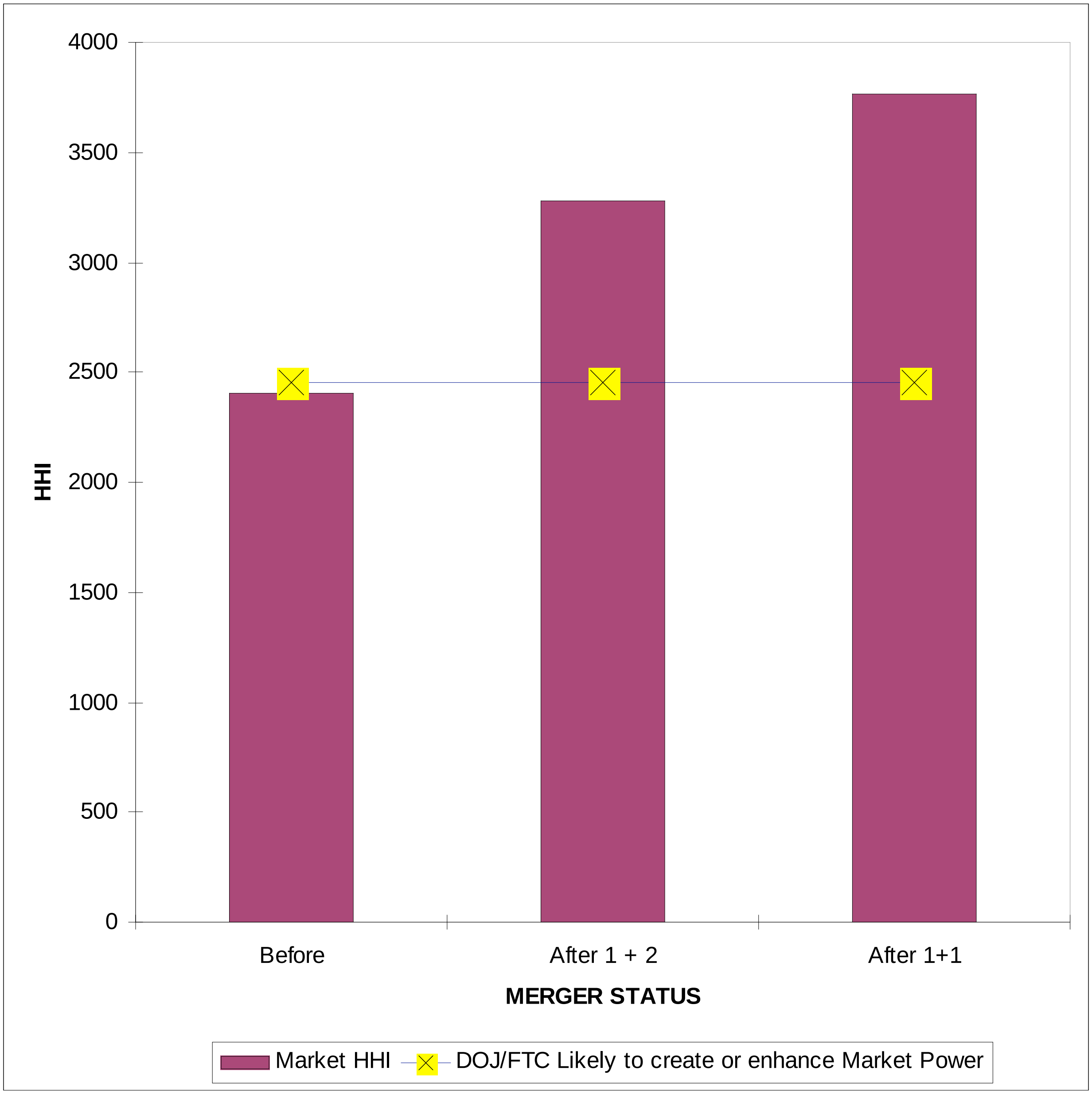
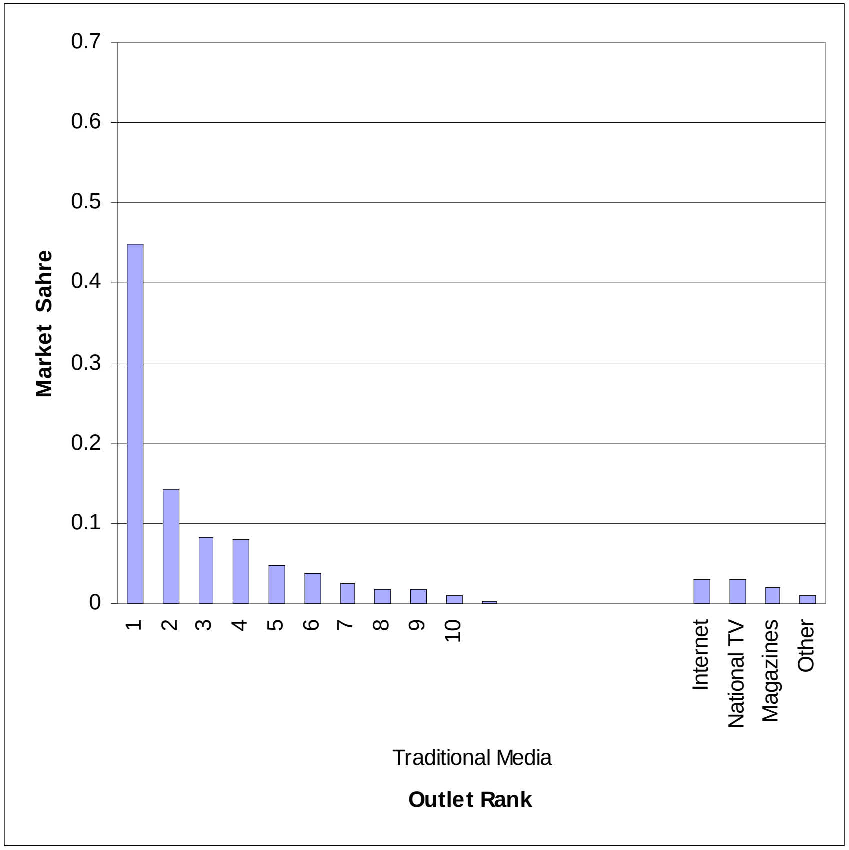
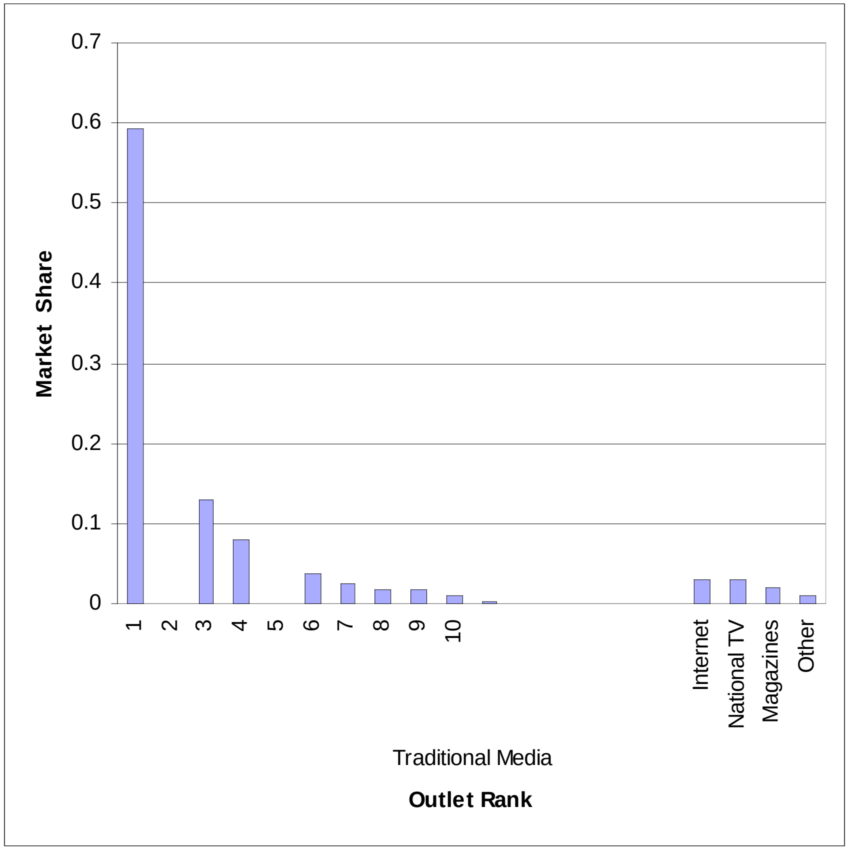


**EXHIBIT 9:**
**PALM SPRINGS: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**



# STUDY 29: THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN FLORIDA

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st}$ + $1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly, except for television in Miami, which is a concentrated tight oligopoly. Even when we combine all the media into an overall media market, we find that the combined media markets in Tallahassee and Panama City are highly concentrated, tight oligopolies, while

Miami is a concentrated, oligopoly. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Miami**

**Current Status:** As shown in Exhibit 1, in Miami the HHI for newspapers and radio indicate high levels of concentration. TV and the overall market are concentrated. Exhibit 2 shows the largest four firms for the individual media have a combined market share of 80 percent to 100 percent, making them tight oligopolies, while in the combined market the four firm share is 63 percent, making it a tight oligopoly. When we combine all of the media outlets into a combined media market, we find that the overall market is a concentrated, tight oligopoly.

**Impact of Mergers:** Even in Miami, one of the largest and least concentrated markets in the country, any cross media merger involving the top two newspaper and TV firms would increase concentration in excess of the DOJ/FTC *Merger Guidelines.* As shown in Exhibits 3 and 5, under both of the scenarios considered, Miami would become a concentrated, tight oligopoly, with the HHI rising from about 1200 to around 2000.

As shown in Exhibit 3 and 5, the change in the Miami market that would result from a wave of newspaper-TV mergers is extremely troubling. In the current situation we find two newspapers and two TV stations at the top of the market. This picture could become very different with newspaper-TV cross-ownership. The four firm concentration ratio would go from just over 60 percent around 80 percent or more. The top two firms would account for well over 50 percent of the market, compared to just over 35 percent today. The remaining competitor would be less than half the size of the top two firms. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Tallahassee**

**Current Status:** Needless to say, the other, smaller media markets are already much more concentrated. With newspaper-TV mergers allowed, the concentration would grow much greater. Most markets would be dominated by one or two firms.

As shown in Exhibit 1, in Tallahassee every medium and the overall market of all media channels is a highly concentrated, tight oligopoly. The four firm concentration ratios shown in Exhibit 2 are in the range of 90 percent to 100 percent for each medium, while the overall market is over 80 percent. The newspaper market is dominated by a single entity.

**Impact of Mergers:** As shown in Exhibits 3 and 6, the market would be severely impacted by cross-media mergers. Every merger between a major TV station and the leading newspaper would violate the *Merger Guidelines* by a wide margin. Because the market is dominated by one newspaper and one TV station, a union between the dominant TV outlet and the dominant newspaper would raise the HHI by over 2000 points.

As Exhibit 7 shows, a merger between the dominant newspaper and the top TV station would create a single entity that would account for over two-thirds of the market. Moreover, because one entity dominates each of the newspaper and TV markets, the second ranked outlet would be miniscule compared to the dominant firm.

**Panama City**

**Current Status:** As shown in Exhibit 1, Panama City is highly concentrated in each of the individual media and across the entire media market. Four firm concentration ratios in

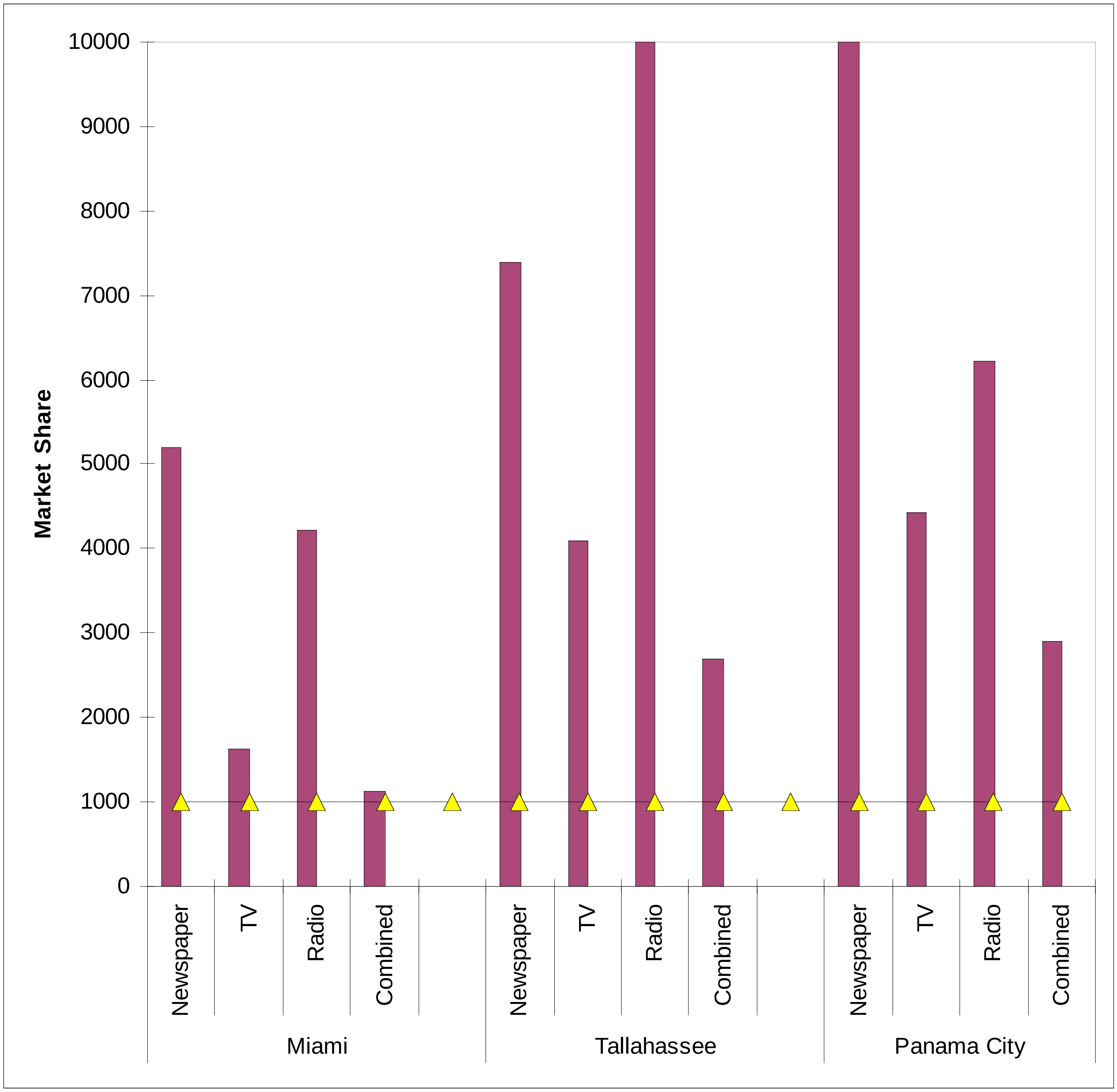
Exhibit 2 are all 100 percent for the individual media and over 90 percent for the combined media.  A single firm dominates the newspaper market.

**Impact of Mergers:** Because of the dominant position of the newspaper and two dominant television stations, any single merger violates the *Guidelines* by a wide margin.  As shown in Exhibit 3 and 8, both merger scenarios yield an increase in the HHI of 1800 to 2000 points.

As shown in Exhibit 9, mergers would result in a market that would be dominated by a single entity with a market share increasing from over 40 percent to over 60 percent.  The number two firm would be dwarfed by the leading newspaper-TV combination.

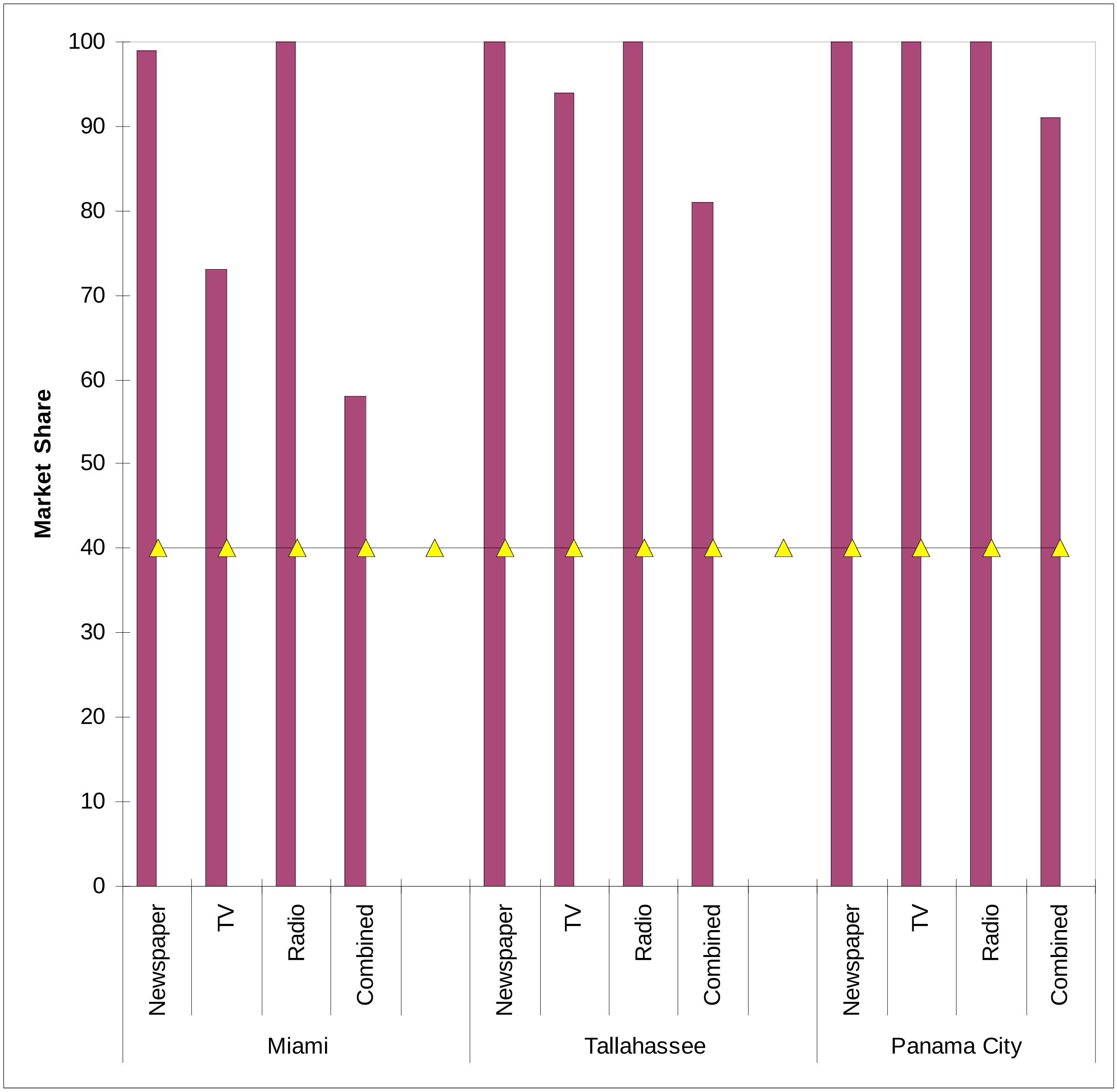
**EXHIBIT 1:**
**FLORIDA: CURRENT MEDIA MARKET STRUCTURE**

**DOJ/FTC MERGER GUIDELINES HHI**




△ **= Concentrated above 1,000**

**EXHIBIT 2:**
**FLORIDA: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**FLORIDA: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI | | Final Post-Merger | Merger Guidelines Threshold | | Change in Leading Shares | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Before | After | Market Status | 1st Merger | 2nd Merger | Four Firm | | Top Firm | |
| | | | | | | Before | After | Before | After |
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Miami | 1229 | 1981 | Highly Concentrated | Violated | Violated | 63% | 81% | 21% | 34% |
| Tallahassee | 2703 | 5081 | Highly concentrated | Violated | NA (one daily) | 81% | 84% | 43% | 71% |
| Panama City | 2894 | 4937 | Highly concentrated | Violated | NA (one daily) | 91% | 91% | 44% | 67% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Miami | 1221 | 1977 | Highly Concentrated | Violated | Violated | 58% | 79% | 21% | 34% |
| Tallahassee | 2703 | 3174 | Highly concentrated | Violated | NA (one daily) | 81% | 86% | 43% | 49% |
| Panama City | 2894 | 4732 | Highly concentrated | Violated | NA (one daily) | 91% | 91% | 44% | 65% |

**EXHIBIT 4:**
**MIAMI: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

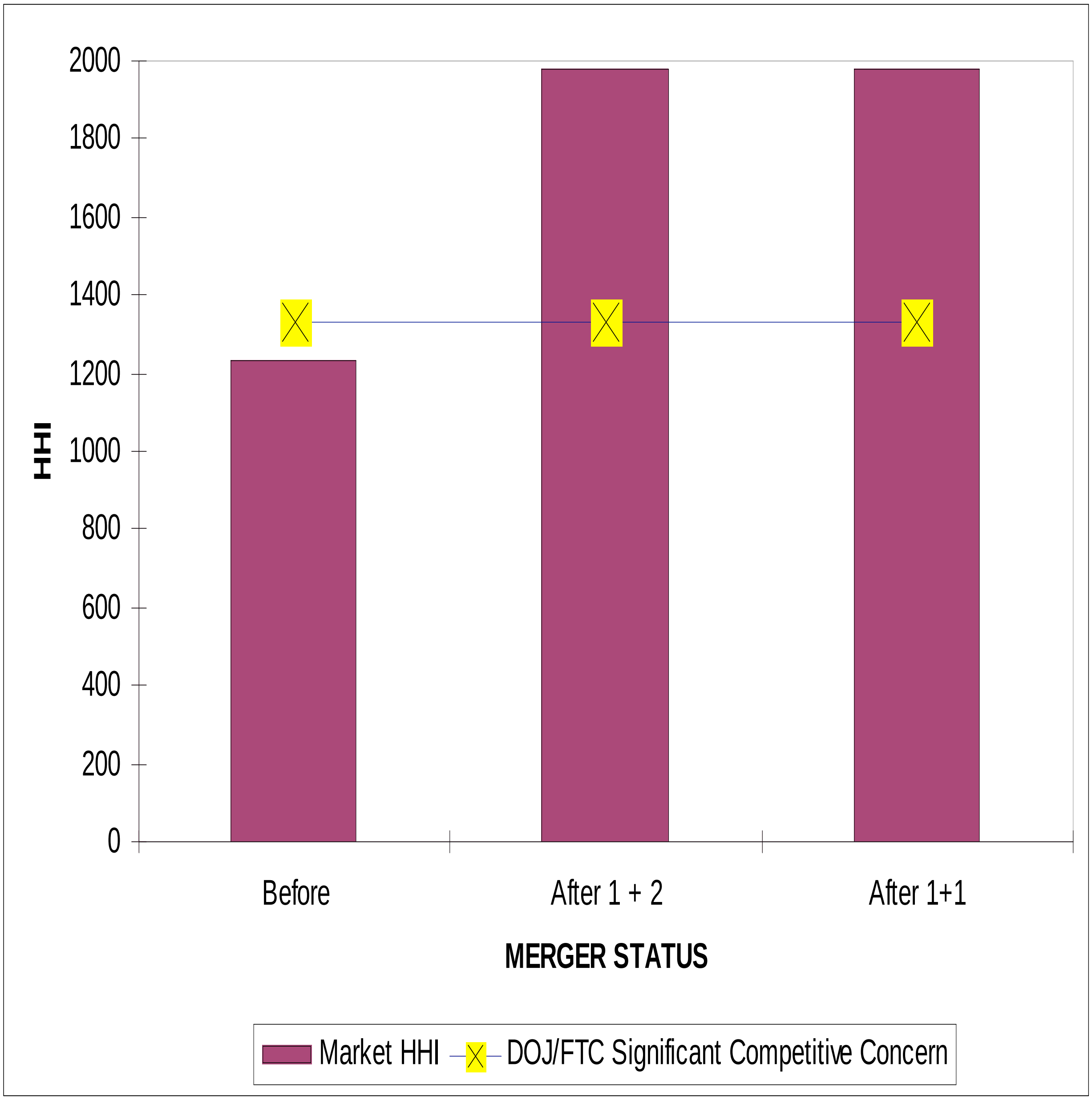
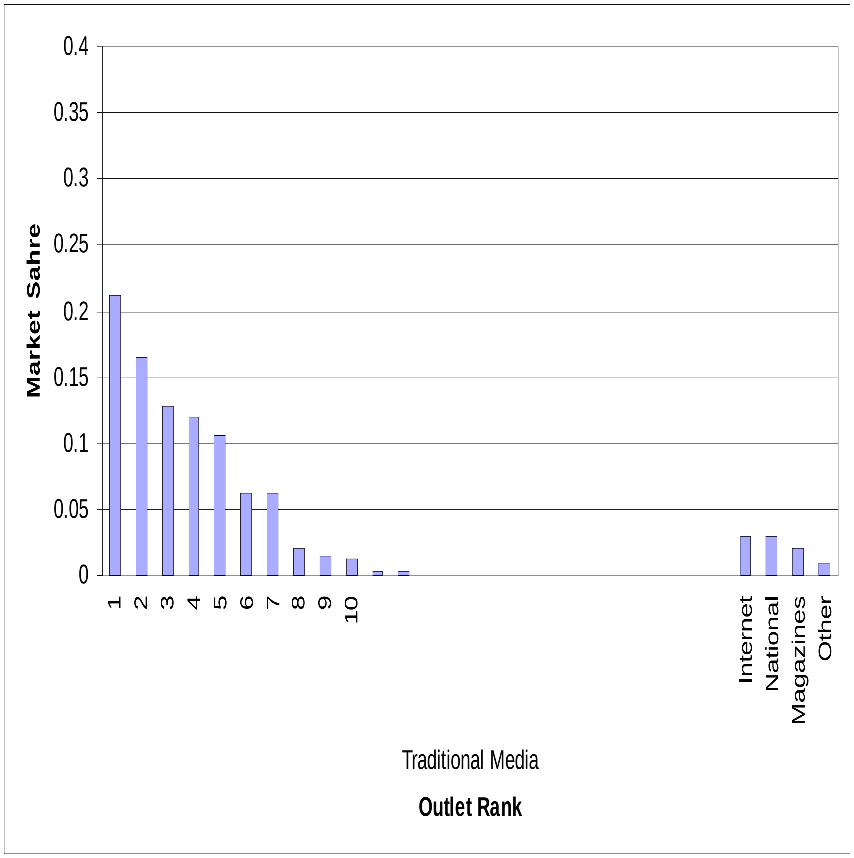


**EXHIBIT 5:**
**MIAMI: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

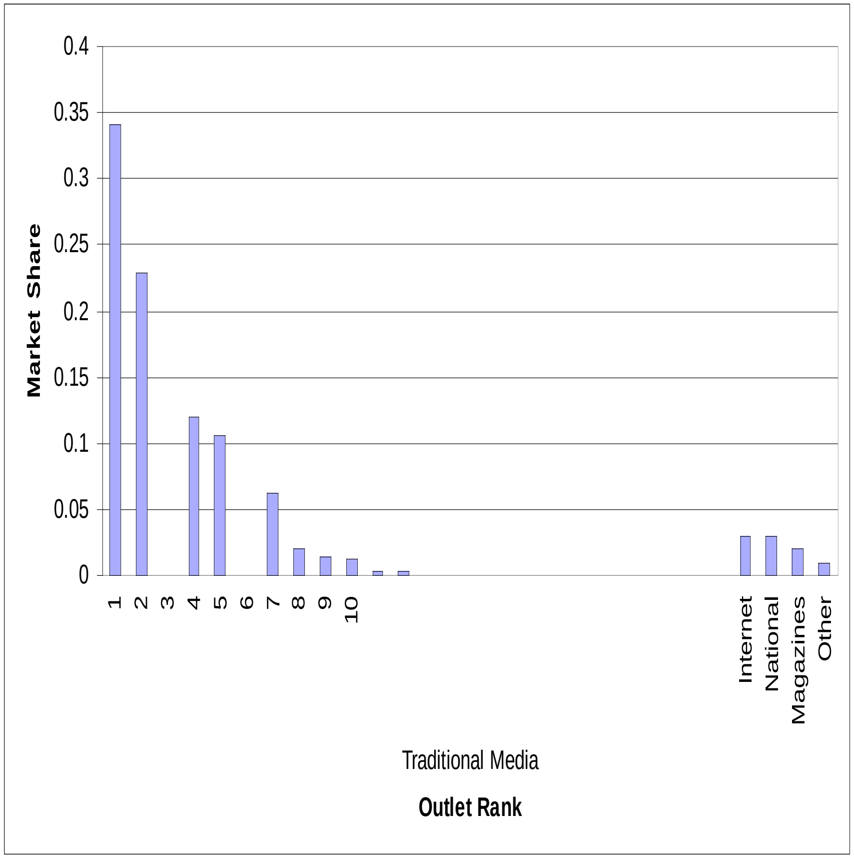


**EXHIBIT 6:**
**TALLAHASSEE: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

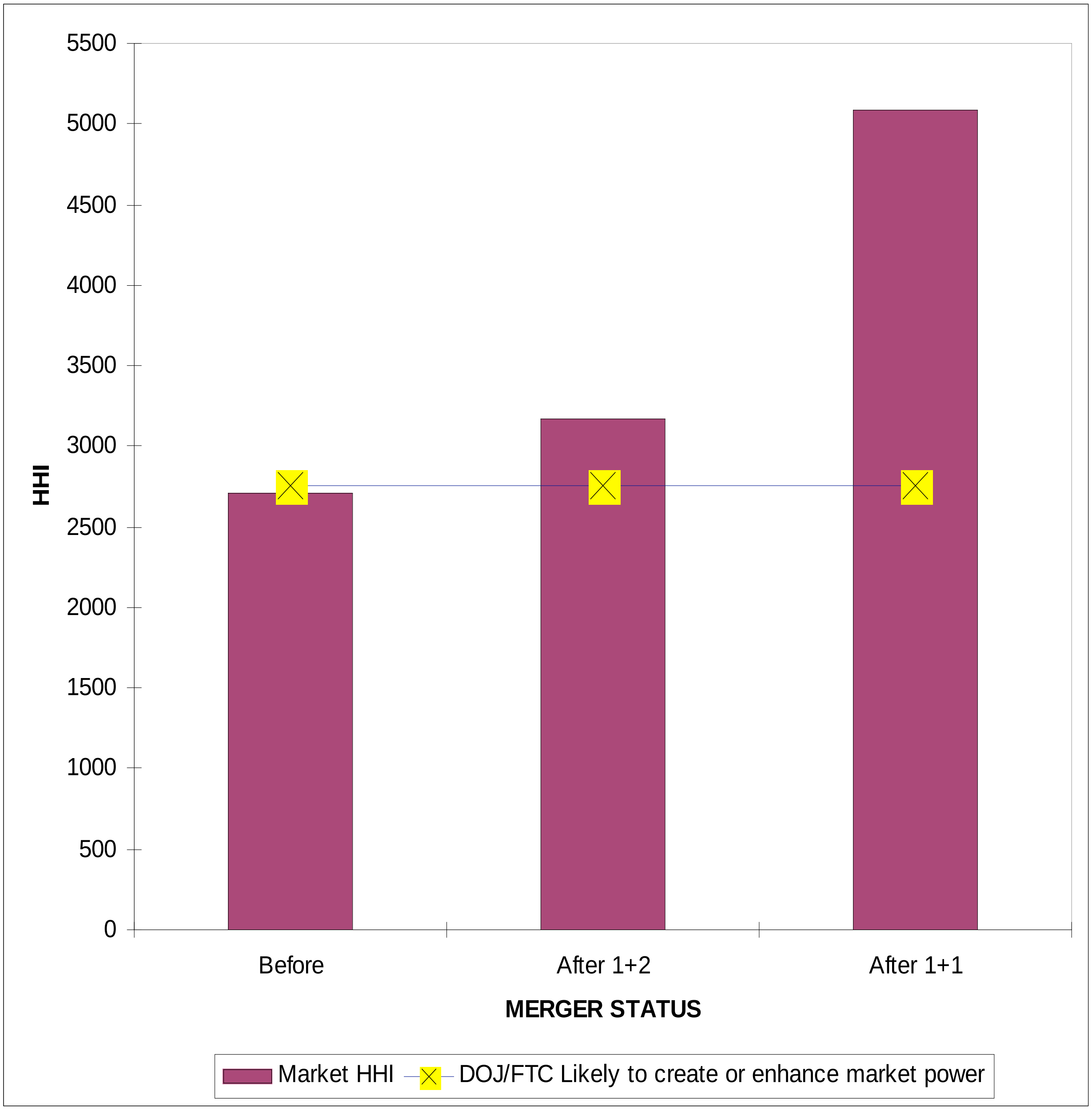
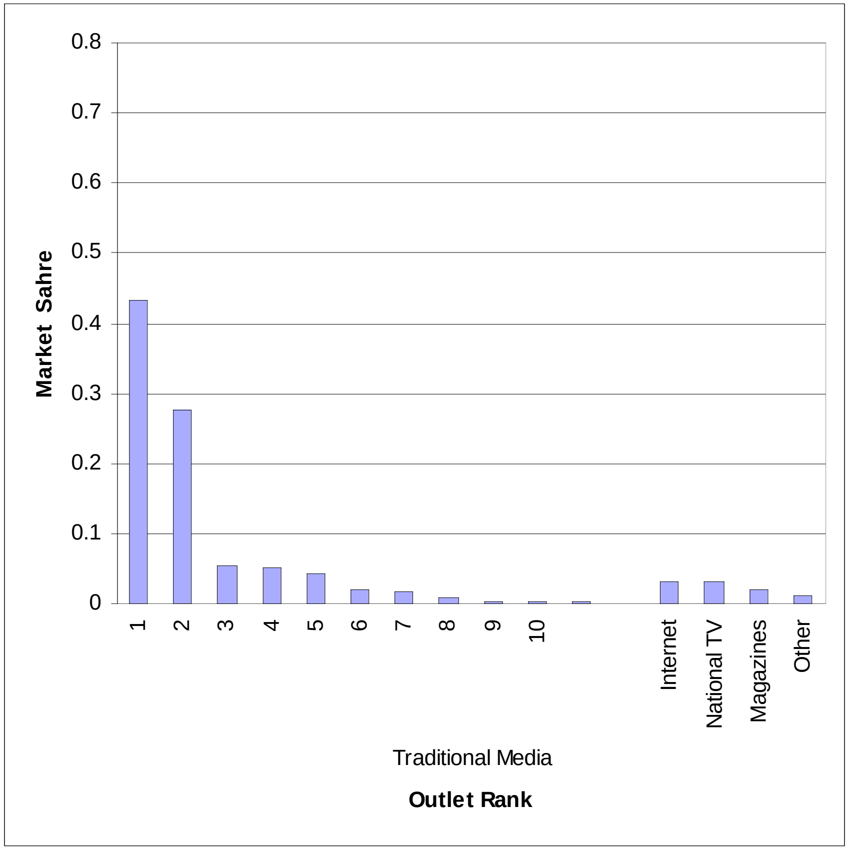


**EXHIBIT 7:**
**TALLAHASEE: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**

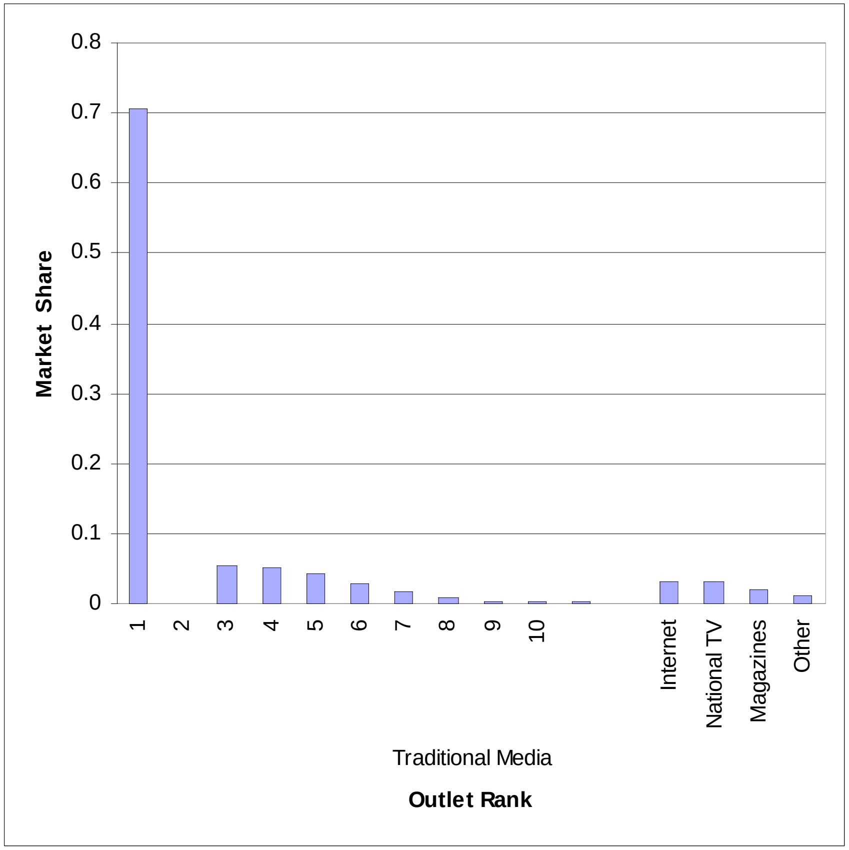
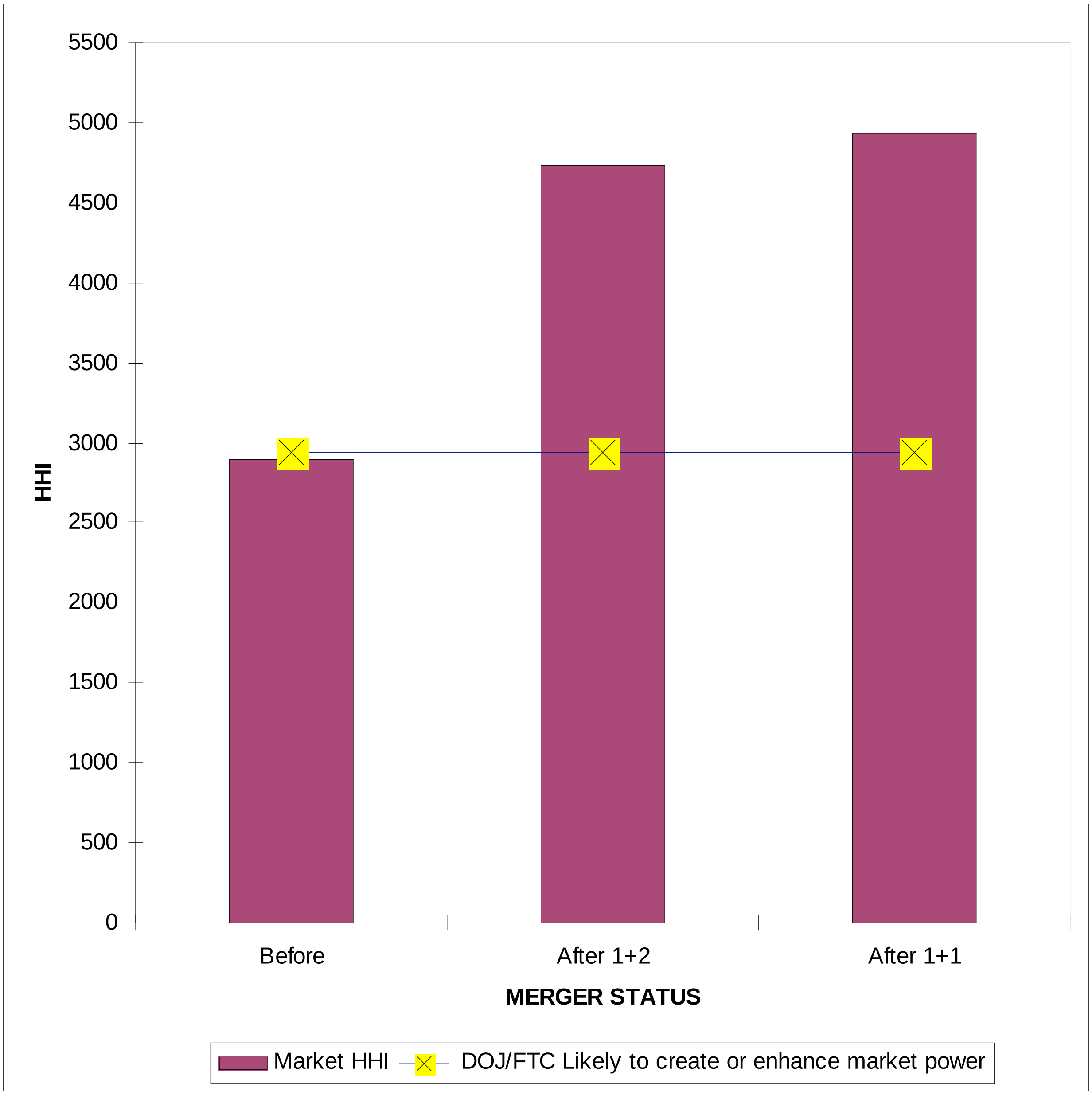
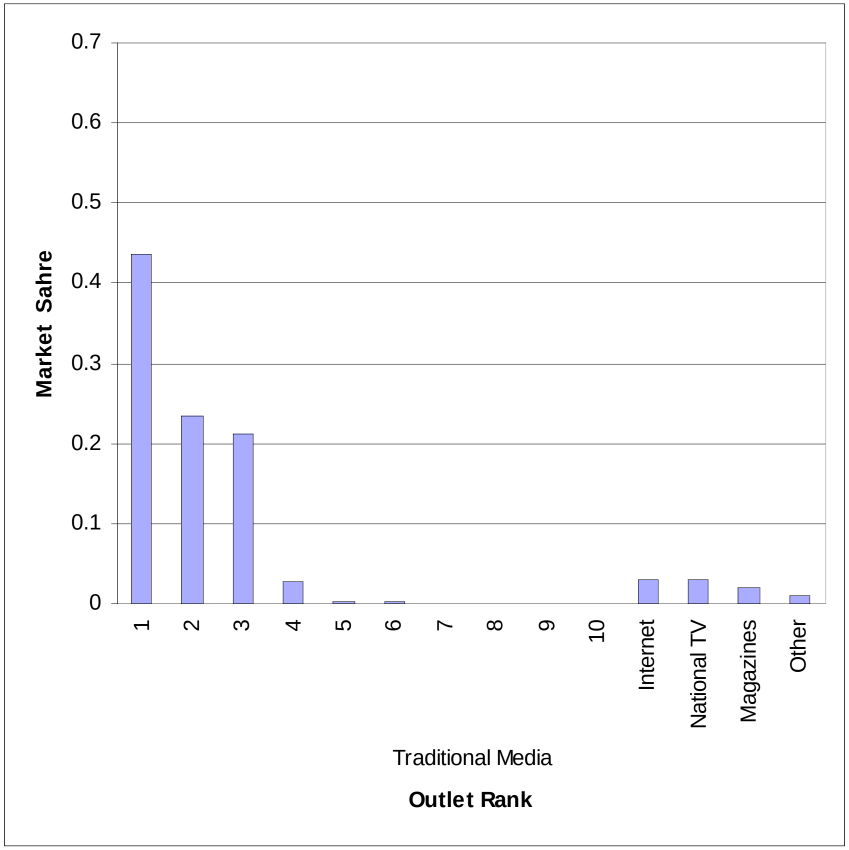


**EXHIBIT 8:**
**PANAMA CITY: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

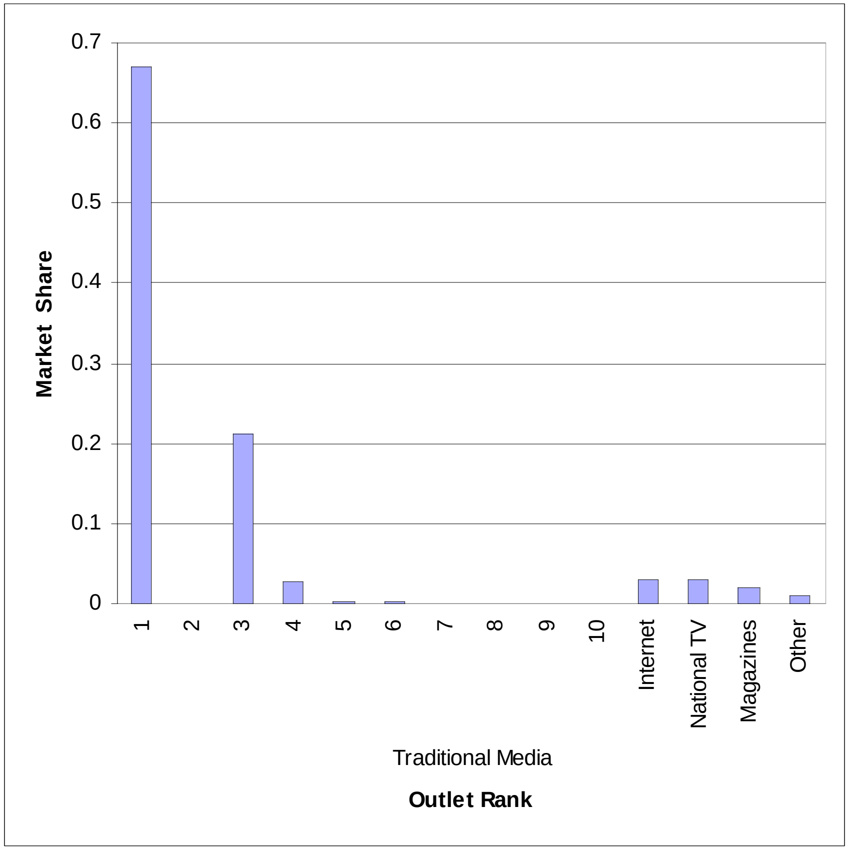


## EXHIBIT 9:
## PANAMA CITY: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)

### CURRENT




### AFTER MERGERS (1st +1st Scenario)



# STUDY 30:
# THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN MAINE

**MARK COOPER**

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the 1$^{st}$ + 1$^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are highly concentrated, tight oligopolies in all three cities. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Portland**

**Current Status:** As shown in Exhibit 1, the HHI for each individual media outlet indicates a highly concentrated market. The combined media market is highly concentrated as well. Exhibit 2 shows the largest four firms have a combined market share of 80 percent to 100 percent, making them all tight oligopolies. When we combine all of the media outlets into a combined media market, we find that the overall market is highly concentrated and a tight oligopoly.

**Impact of Mergers:** As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2700 to around 4000, an increase of over 1000 points.

As shown in Exhibits 2 and 5, the leading firm's market share would rise from just under 50 percent to over 60 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, one-quarter the size, with a market share of about 15 percent. Together, the top two firms would have almost three quarters of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Augusta**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market. The combined media market is highly concentrated. Exhibit 2 shows the largest four firms have a combined market share of 80 percent to 100 percent for the individual medias well as the combined media, making them all tight oligopolies.

**Impact of Mergers:** As shown in Exhibits 3 and 6, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2400 to well over 3500, an increase of over 1000 points.

As shown in Exhibit 7, the leading firm's market share would rise from just under 45 percent to almost 60 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, one-quarter the size, with a market share of just over 15 percent. Together, the top two firms would have almost three quarters of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

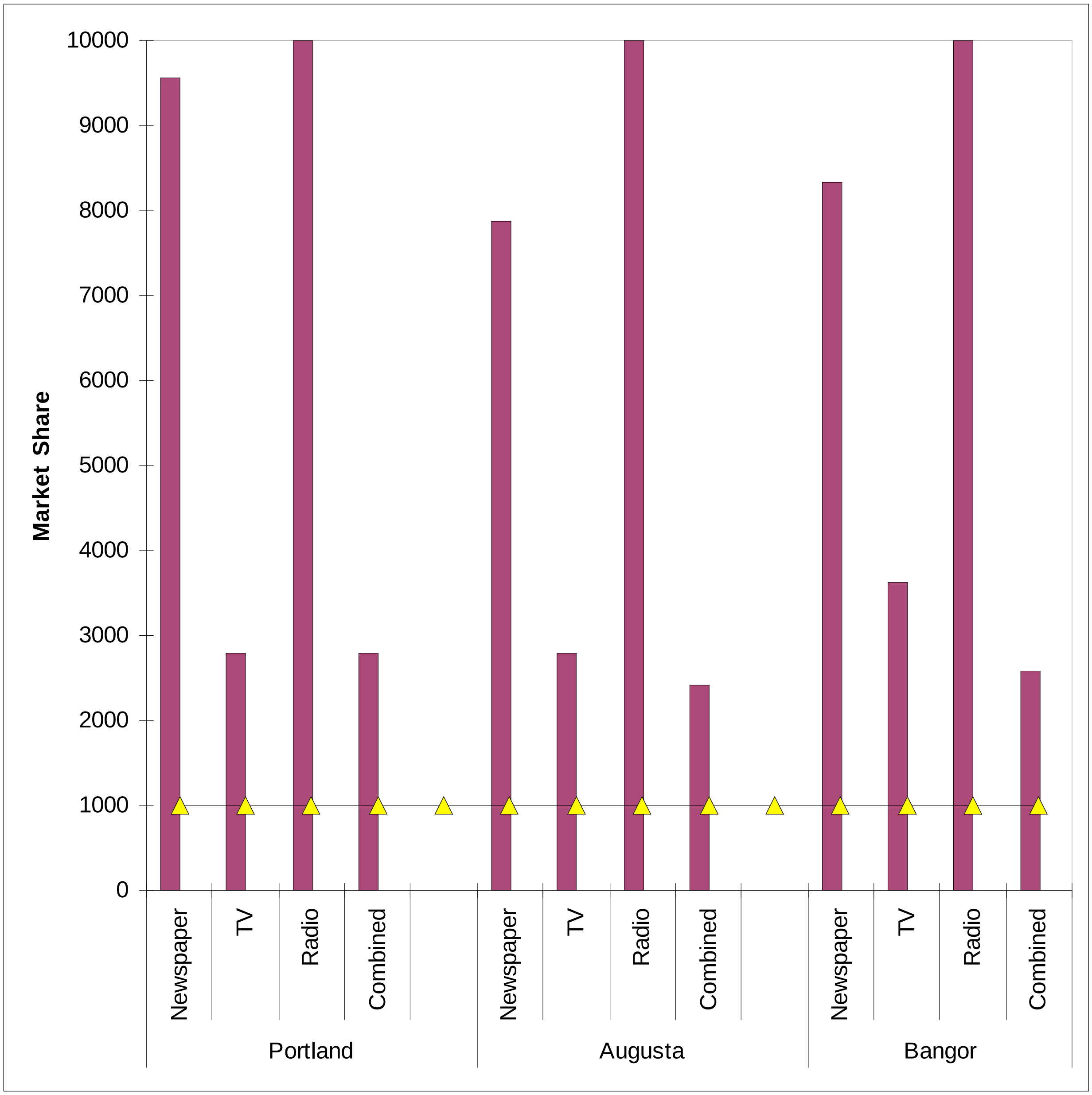
**Bangor**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market, as is the combined market. Exhibit 2 shows the largest four firms have a market share of 90 percent to 100 percent for the individual media, as well as the combined media, making them all tight oligopolies.

**Impact of Mergers:** Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield a substantial increase in the HHI, from about 2500 to a range of 3500 to 4500.

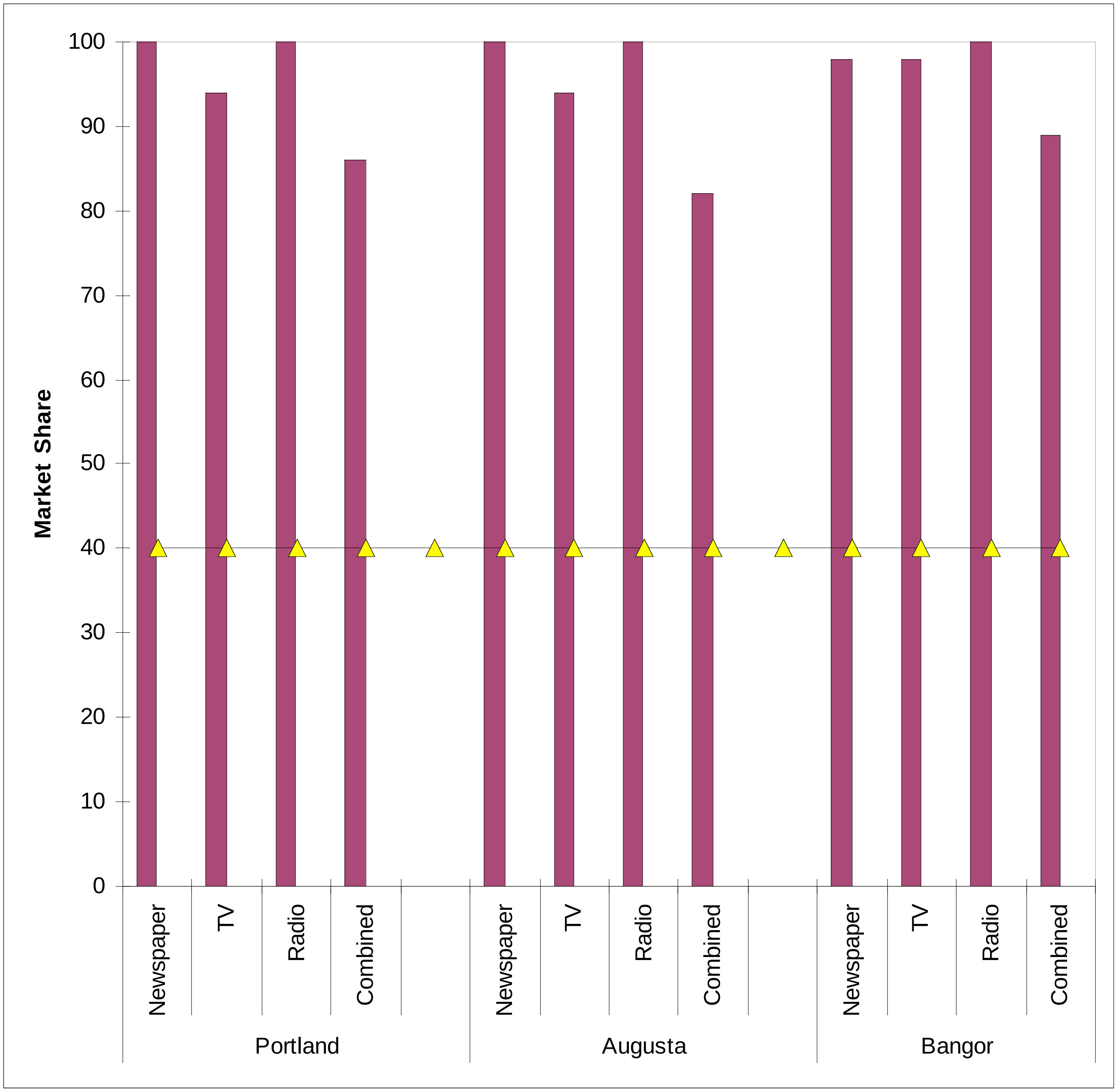
As shown in Exhibit 9, mergers would result in a market with a large firm that overshadows others in the market. The largest firm market share would rise from just over 40 percent to over 65 percent. By comparison, the second firm would be much smaller, with a share of 15 percent. Together, the top two firms would have four-fifths of the market.

**EXHIBIT 1:**
**MAINE: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ = **Concentrated above 1,000**

**EXHIBIT 2:**
**MAINE: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**MAINE: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Shares Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Portland | 2796 | 4292 | Highly Concentrated | Violated | NA (one daily) | 86% | 88% | 47% | 63% |
| Augusta | 2416 | 3885 | Highly concentrated | Violated | Violated | 82% | 88% | 43% | 59% |
| Bangor | 2580 | 4546 | Highly concentrated | Violated | NA (one daily) | 88% | 89% | 42% | 65% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Portland | 2796 | 4039 | Highly Concentrated | Violated | NA (one daily) | 86% | 88% | 47% | 61% |
| Augusta | 2416 | 3674 | Highly concentrated | Violated | Violated | 82% | 89% | 43% | 56% |
| Bangor | 2580 | 3778 | Highly concentrated | Violated | NA (one daily) | 88% | 89% | 42% | 56% |

**EXHIBIT 4:**
**PORTLAND: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

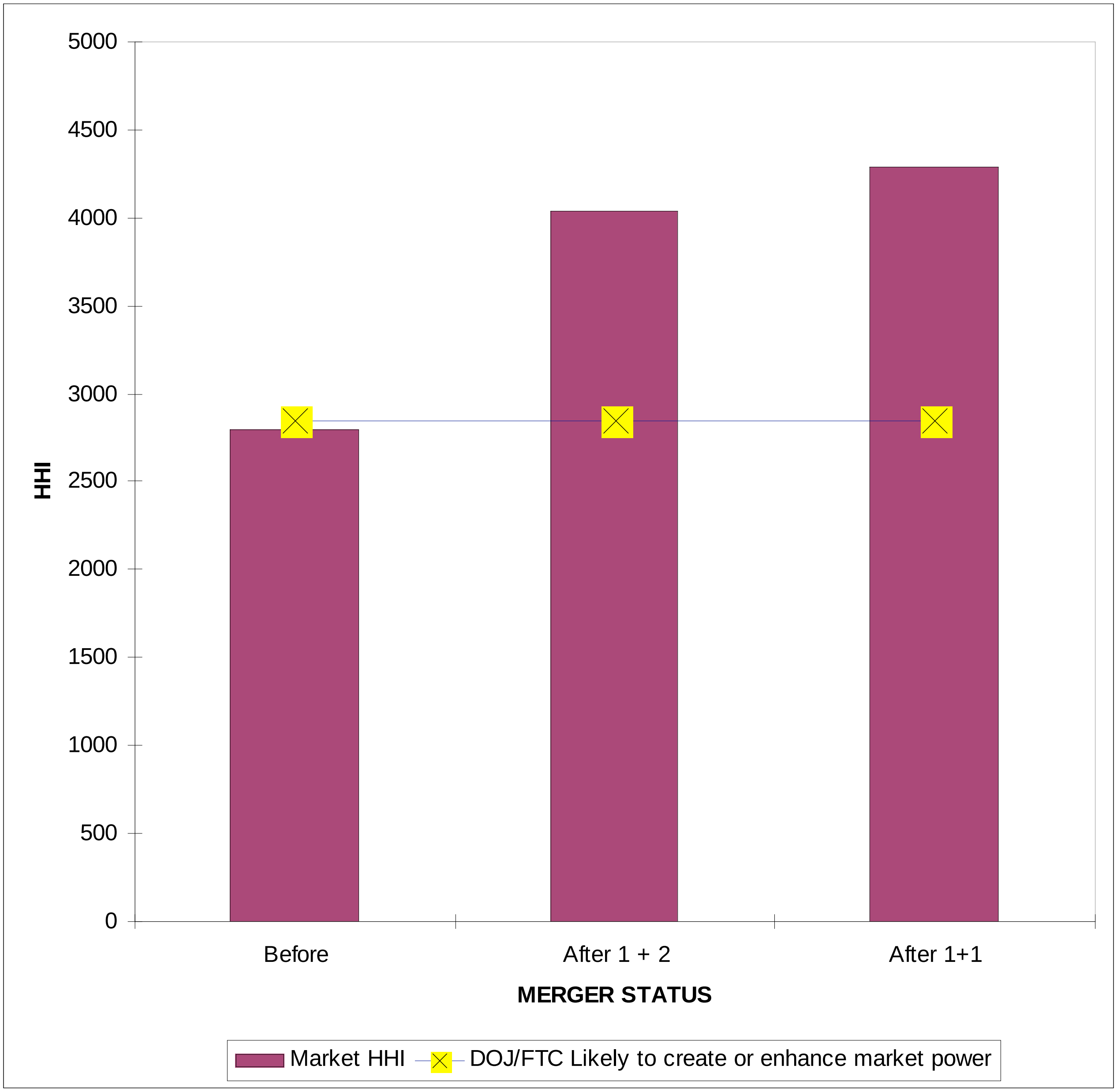
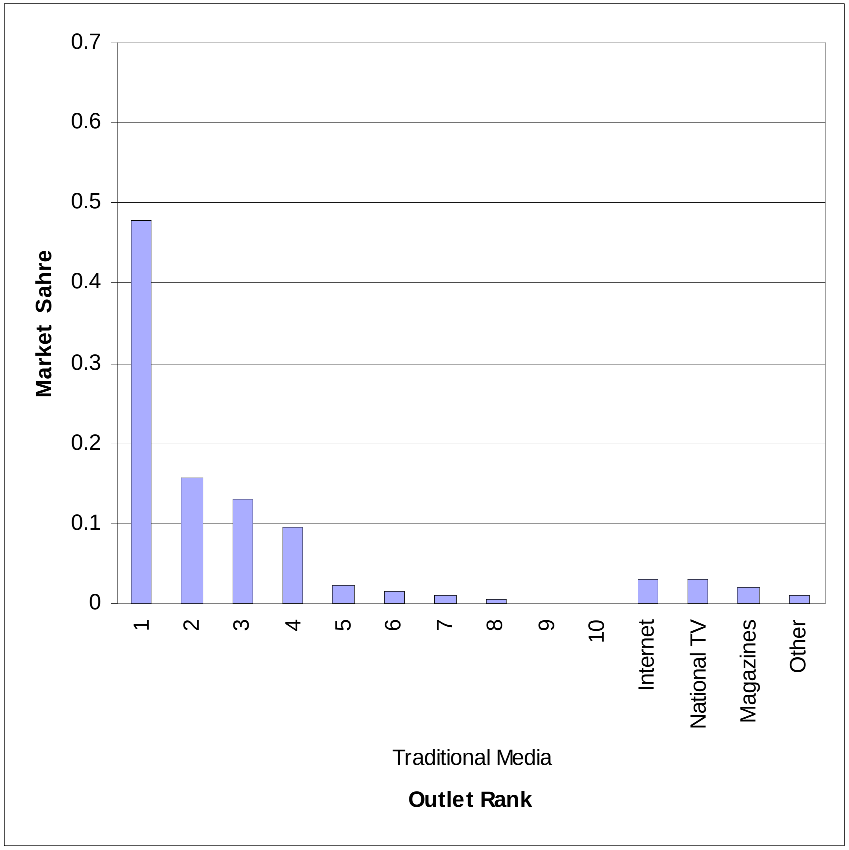


**EXHIBIT 5:**
**PORTLAND:**
**IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS**
**(Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

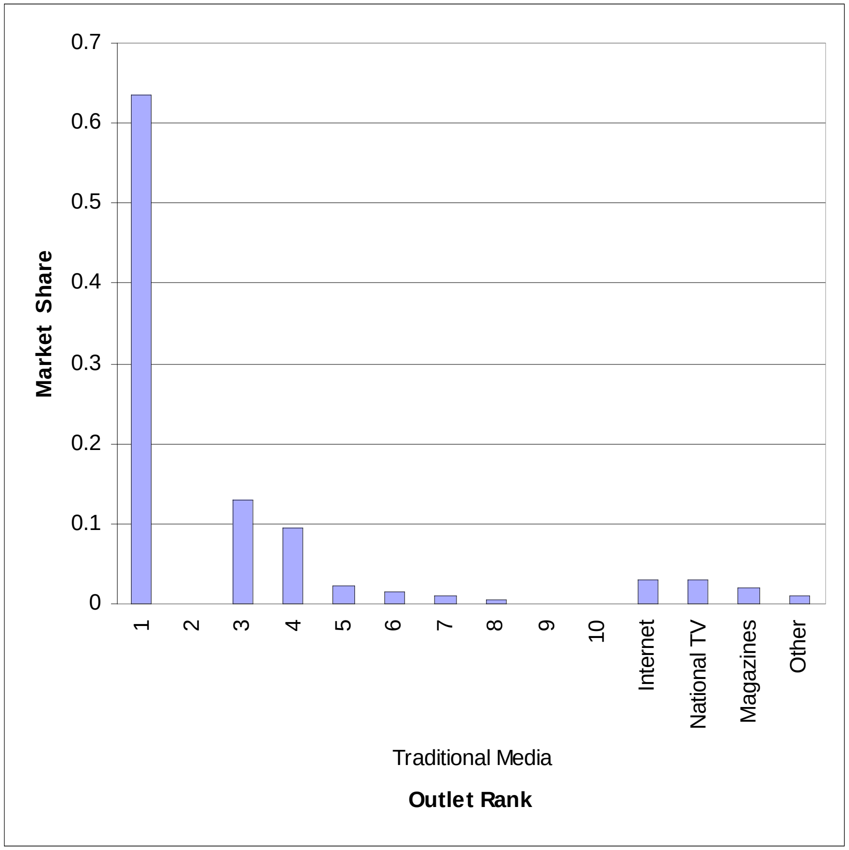


**EXHIBIT 6:**
**AUGSUTA: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

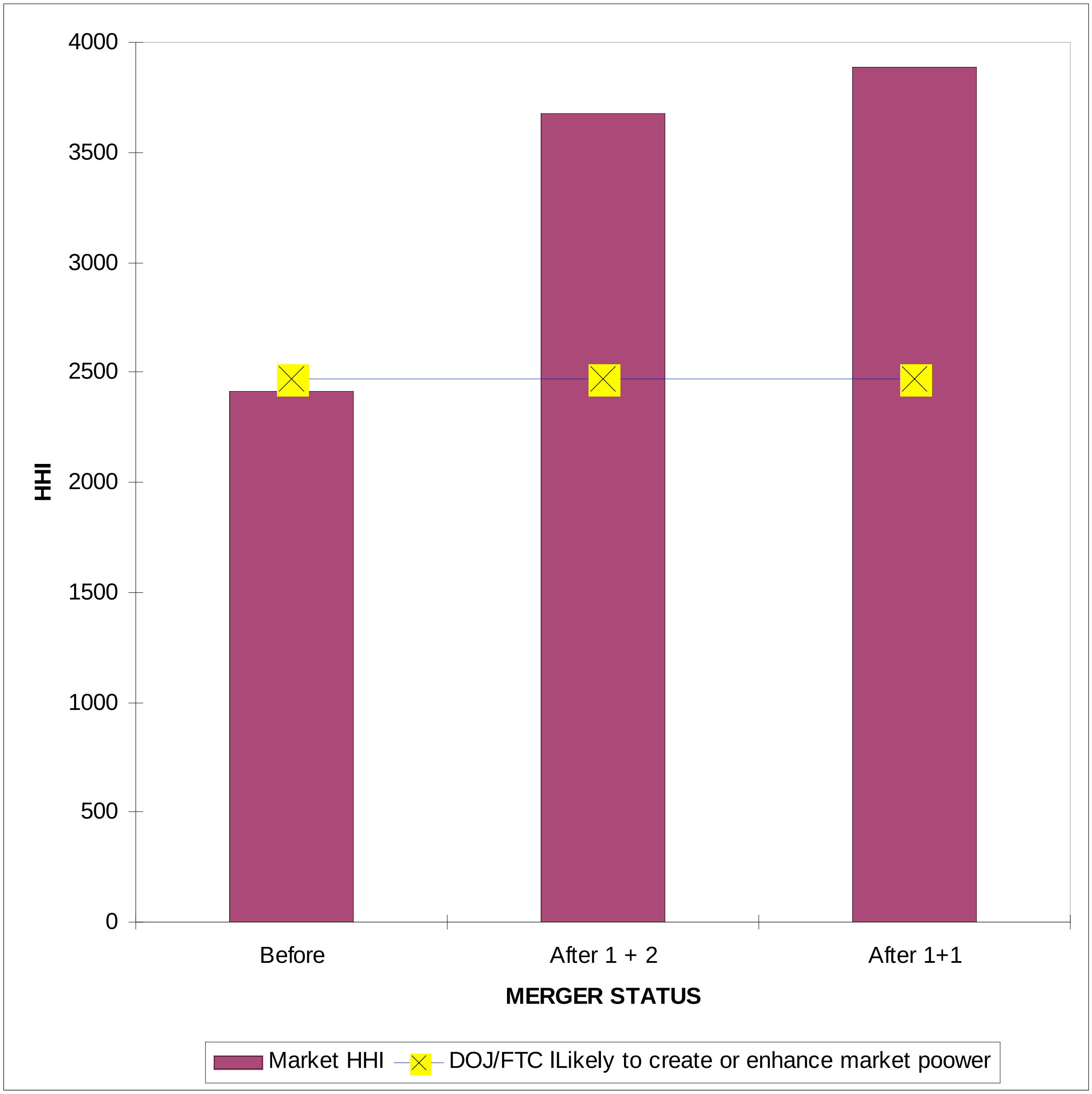
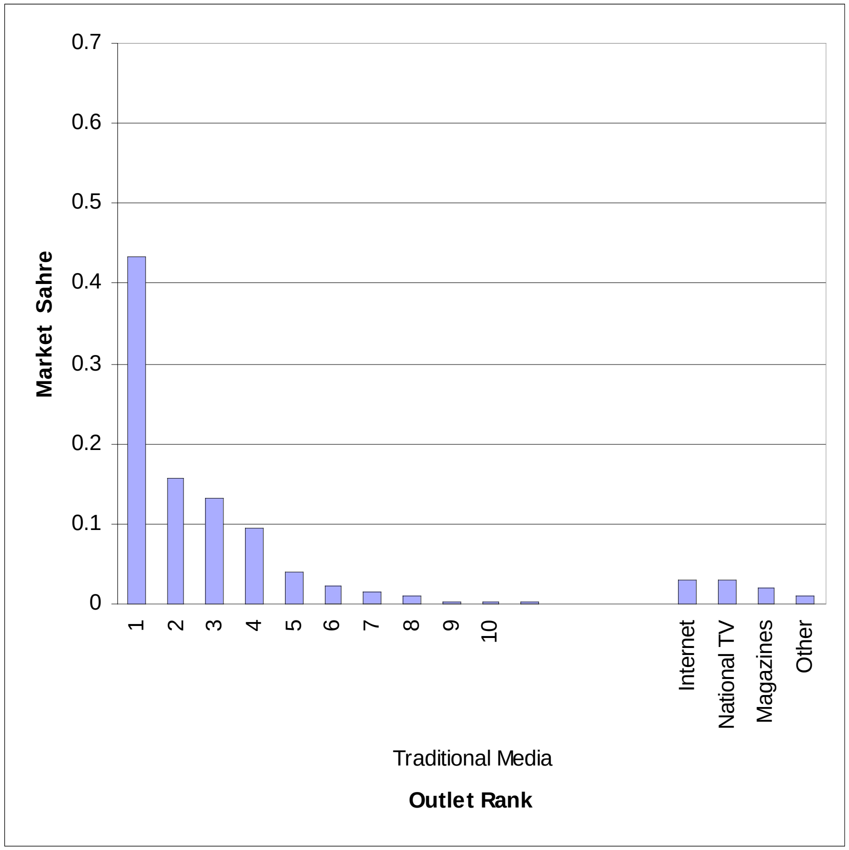


**EXHIBIT 7:**
**AUGUSTA: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

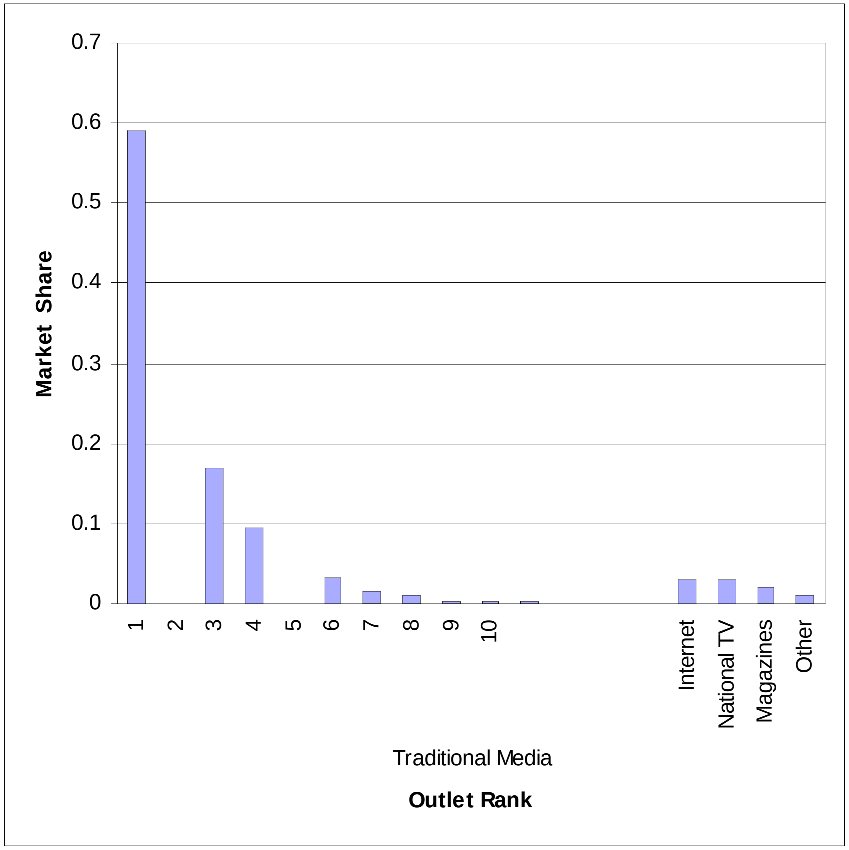


**EXHIBIT 8:**
**BANGOR: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

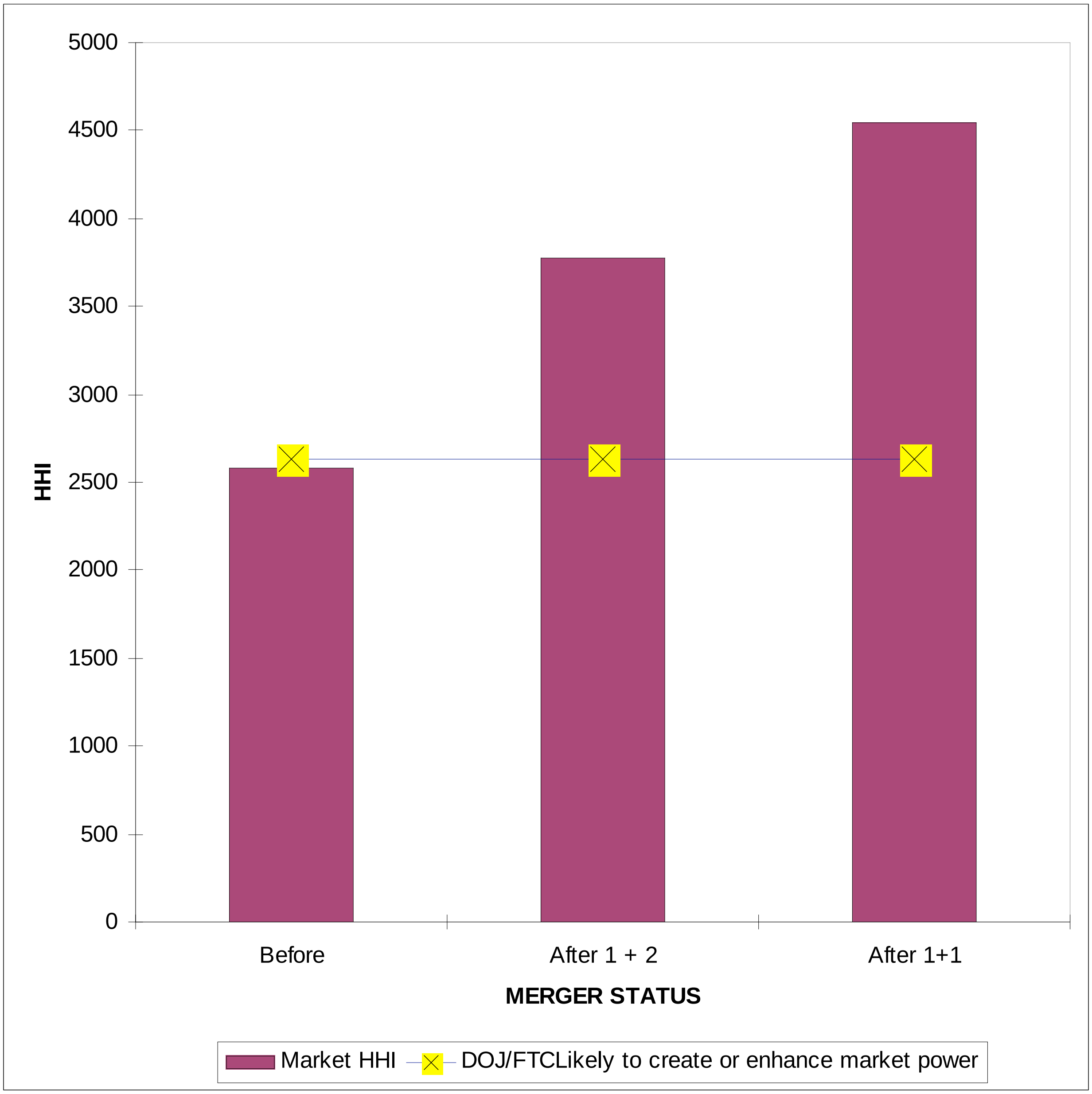
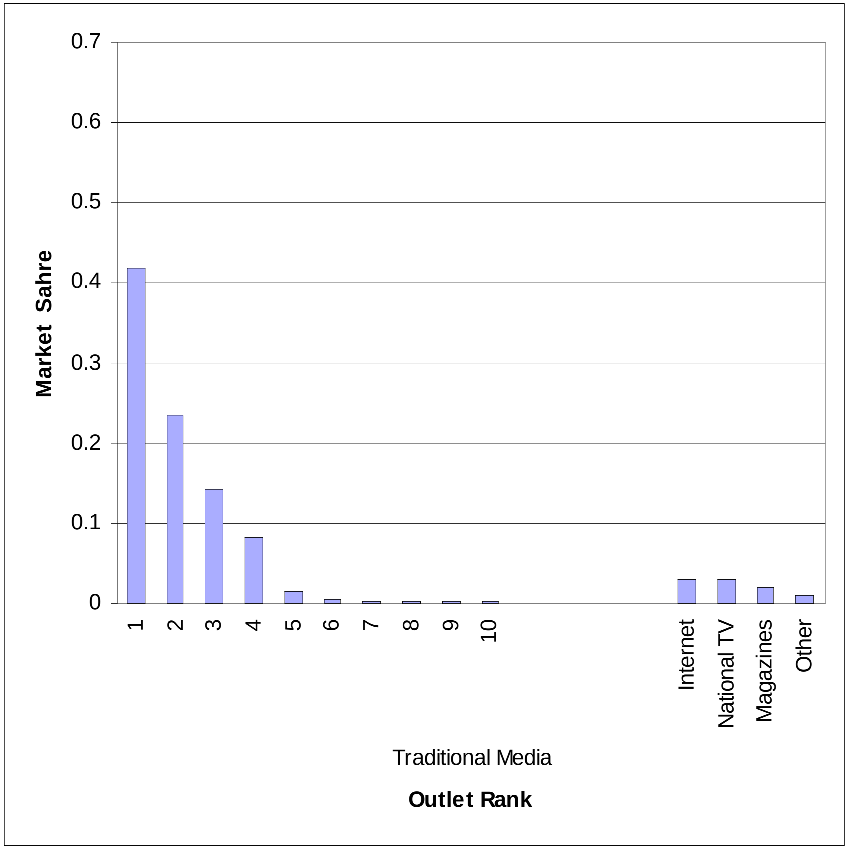
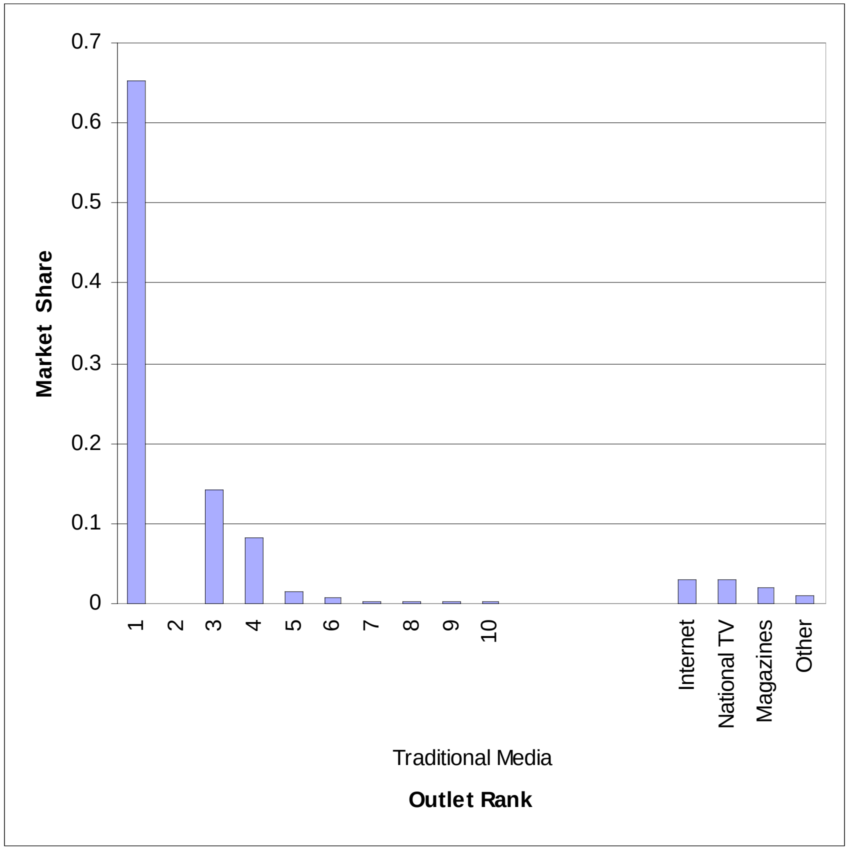


**EXHIBIT 9:**
**BANGOR: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**



# STUDY 31: THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN MICHIGAN

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st}$ + $1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the combined media markets in Lansing and Battle Creek are highly concentrated, while Detroit is concentrated. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Detroit**

**Current Status:** As shown in Exhibit 1, the newspaper and radio markets are highly concentrated, while TV is concentrated. Exhibit 2 shows that for each of the individual media the largest four firms have a combined market share of 90 percent to 100 percent, while the combined market four firm concentration ratio is over 60 percent, making them all tight oligopolies. When we combine all of the media outlets into an overall media market, we find that the overall market is concentrated and a tight oligopoly.

**Impact of Mergers:** Even in Detroit, one of the largest and least concentrated markets in the country, any cross media merger involving the top two firms would increase concentration in excess of the DOJ/FTC *Merger Guidelines.* As shown in Exhibits 3 and 4, under both of the scenarios considered, Detroit would become a highly concentrated, tight oligopoly, with the HHI rising from just under 1200 to over 2000.

As shown in Exhibits 3 and 5, mergers between the dominant firms would cause the leading firm market share to increase substantially and dramatically changes the competitive structure of the market. We could move from a handful of relatively equal-sized firms to a small number of larger entities. The four firm concentration ratio increases from 62% to 85%. The leading firms rises from just over 15 percent to just under 35 percent. The second and third firms have just over 20 percent. The three leading firms account for almost 80 percent, compared to about 50 before the mergers. The other firms in the market are quite small. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Lansing**

**Current Status:** Needless to say, the other, smaller media markets are already much more concentrated. With newspaper-TV mergers allowed, the concentration would grow much greater. Most markets would be dominated by one or two firms.

As shown in Exhibit 1, in Lansing every medium and the overall market of all media channels is a highly concentrated, tight oligopoly. As shown in Exhibit 2, the four firm concentration ratios are in the range of 90 percent to 100 percent for each medium, while the overall market is about 80 percent. Thus, all are tight oligopolies. The newspaper market is dominated by a single entity.

**Impact of Mergers:** As shown in Exhibits 3 and 6, the Austin market would be severely impacted by cross-media mergers. Every merger between a major TV station and the leading newspaper would violate the *Merger Guidelines* by a wide margin. The HHI would increase by well over 1,000 points in the scenarios considered, from about 2400, to over 3800.

As Exhibit 7 shows, a merger between the dominant newspaper and the top TV station would create a single entity that would account for over half the market. The market share of the top firm would go from about 40 percent to about 60 percent. Moreover, because one newspaper dominates that market, the second ranked outlet would be completely dwarfed in the market, about one-quarter the size. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

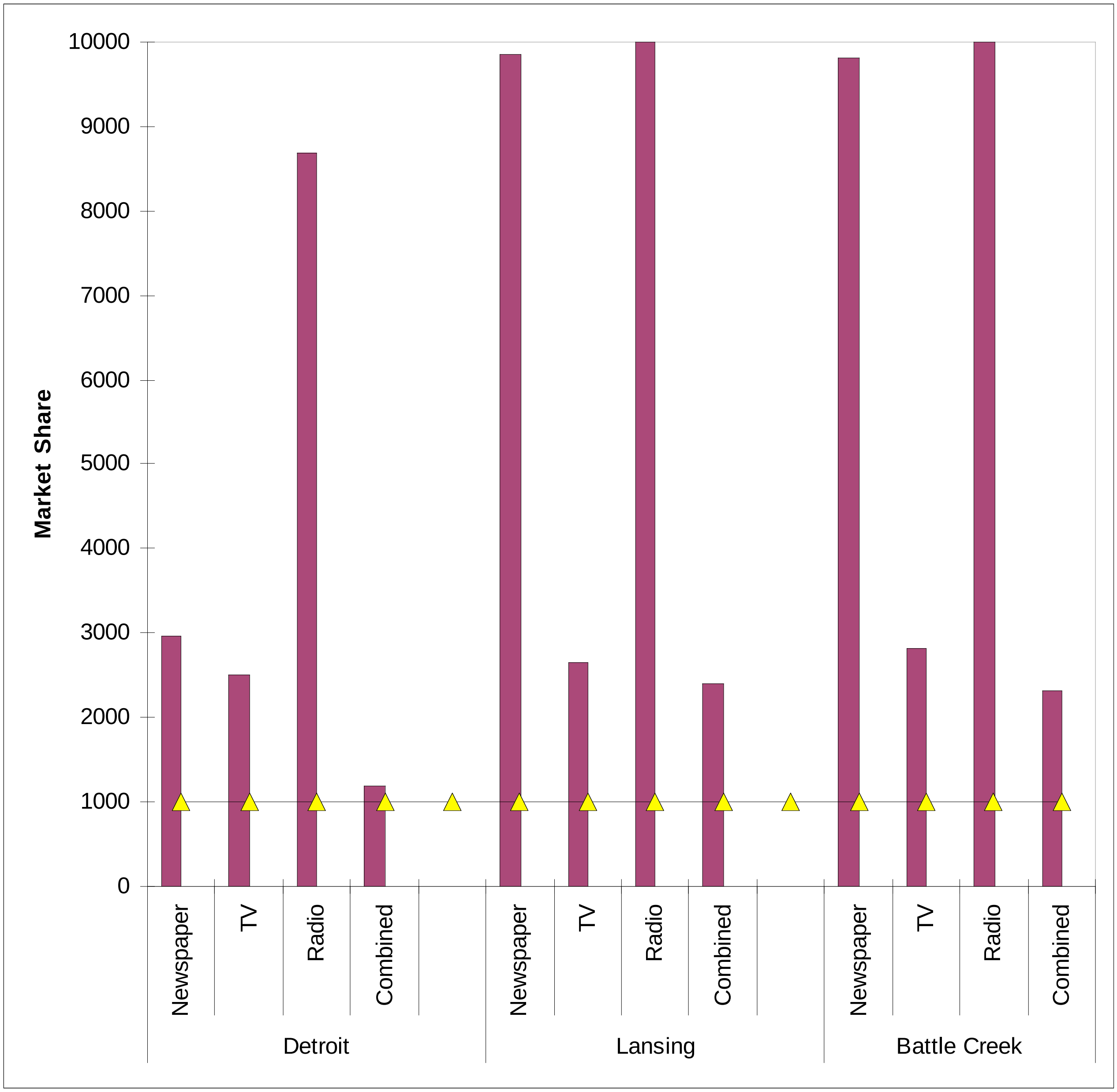
**Battle Creek**

**Current Status:** As shown in Exhibit 1, Battle Creek is highly concentrated in each of the individual media and across the entire media market. Four firm concentration ratios shown in Exhibit 2 are in the range of 95 percent to 100 percent for each medium, while the overall market is 85 percent. Thus, they are all tight oligopolies. A single firm dominates the newspaper market.

**Impact of Mergers:** Because of the dominant position of the newspaper, any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield an increase in the HHI of over 1000 points.

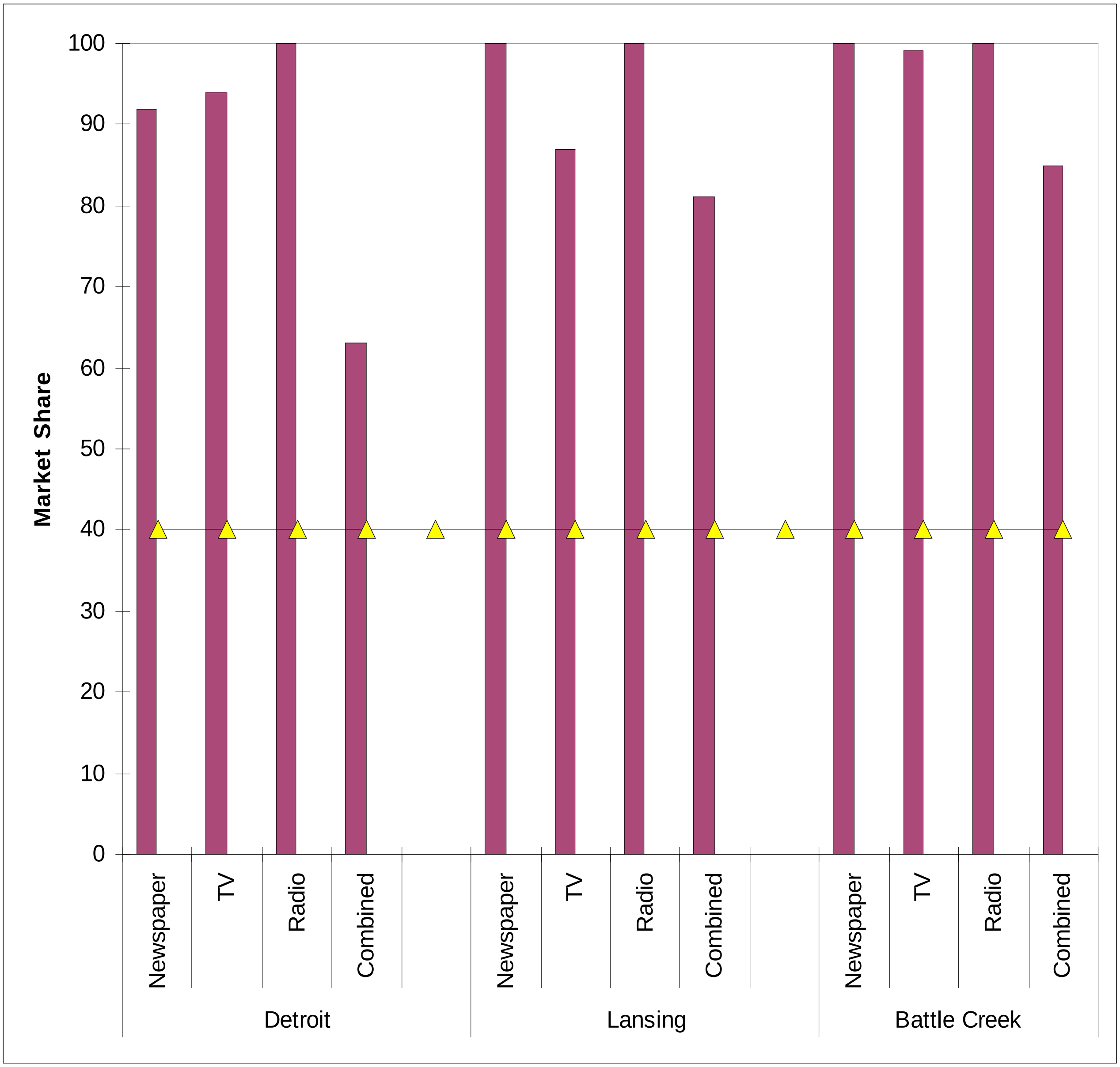
As shown in Exhibit 9, mergers between the dominant firms would result in a market that would be dominated by a single entity with a market share increasing from about 40 percent to almost 60 percent. The number two firm would be dwarfed by the leading newspaper-TV combination, about one-quarter the size.

**EXHIBIT 1:**
**MICHIGAN: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ = **Concentrated above 1,000**

**EXHIBIT 2:**
**MICHIGAN: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**MICHIGAN: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Shares Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Detroit | 1183 | 2307 | Highly concentrated | Violated | Violated | 62% | 85% | 17% | 34% |
| Lansing | 2401 | 3863 | Highly concentrated | Violated | NA (one daily) | 81% | 85% | 42% | 59% |
| Battle Creek | 2371 | 3847 | Highly concentrated | Violated | NA (one daily) | 85% | 90% | 41% | 59% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Detroit | 1183 | 2295 | Highly concentrated | Violated | Violated | 63% | 85% | 17% | 24% |
| Lansing | 2401 | 3817 | Highly concentrated | Violated | NA (one daily) | 85% | 90% | 42% | 59% |
| Battle Creek | 2371 | 3654 | Highly concentrated | Violated | NA (one daily) | 85% | 92% | 41% | 57% |

**EXHIBIT 4:**
**DETROIT: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**
**(Cumulative Effect of All Mergers)**

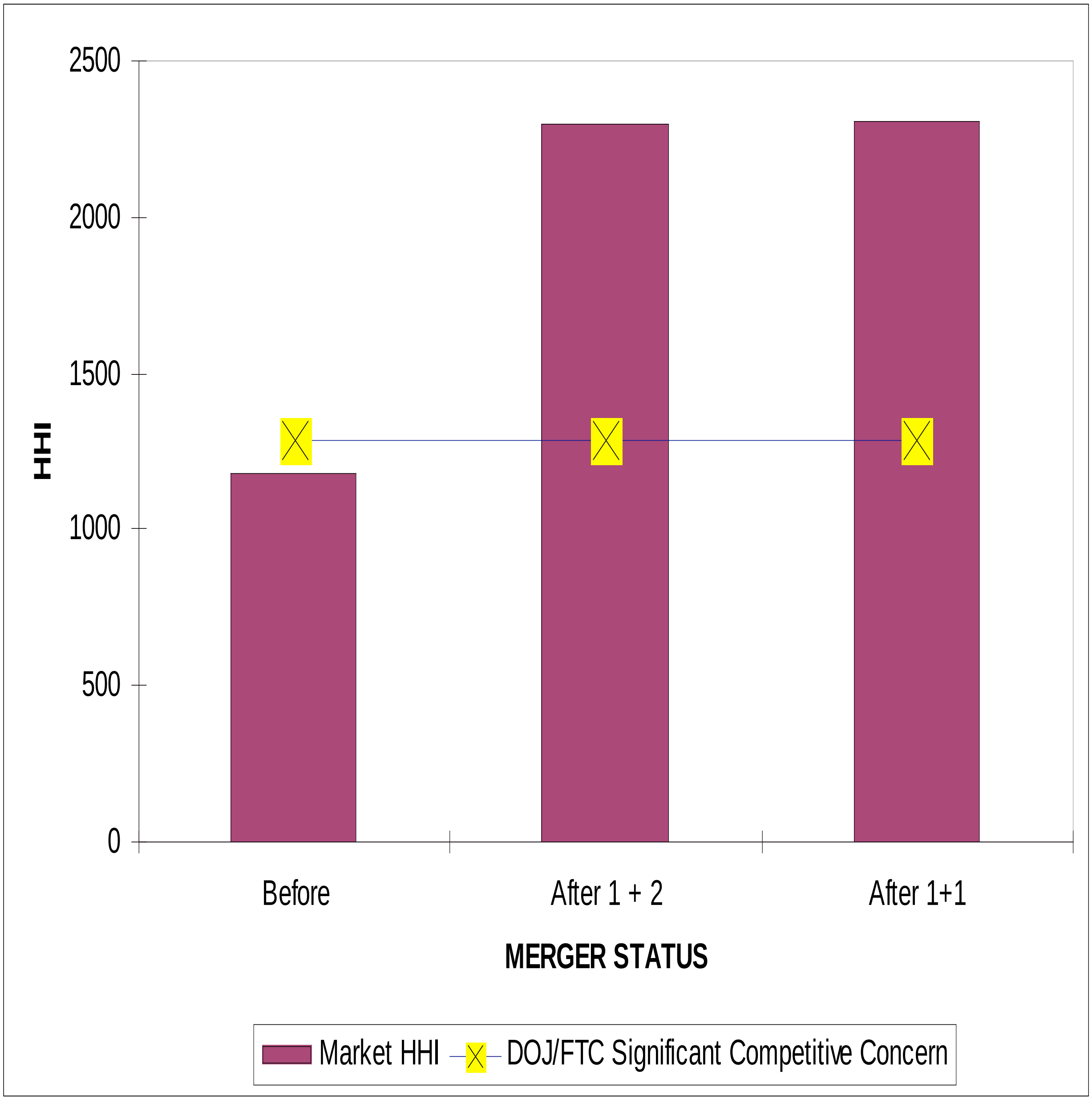
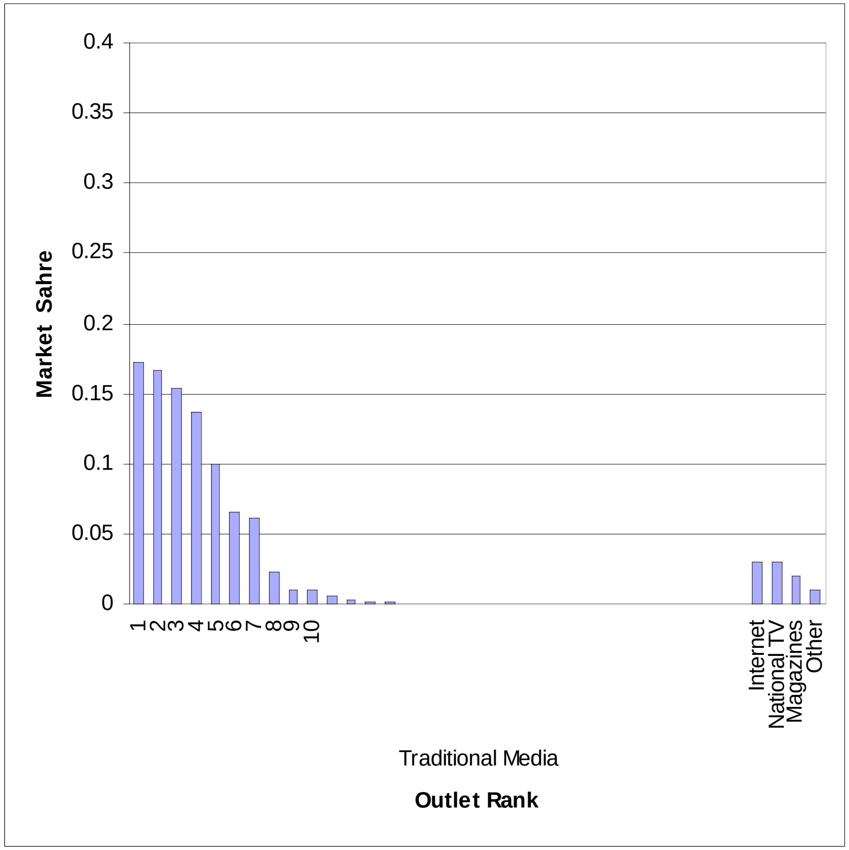


**EXHIBIT 5:**
**DETROIT: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

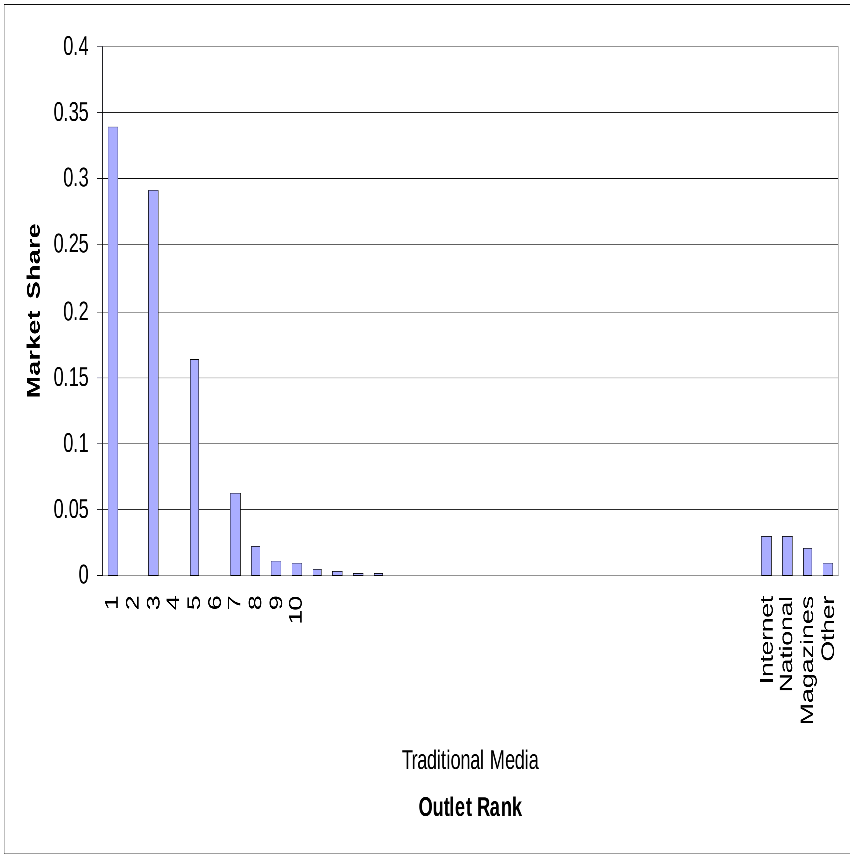
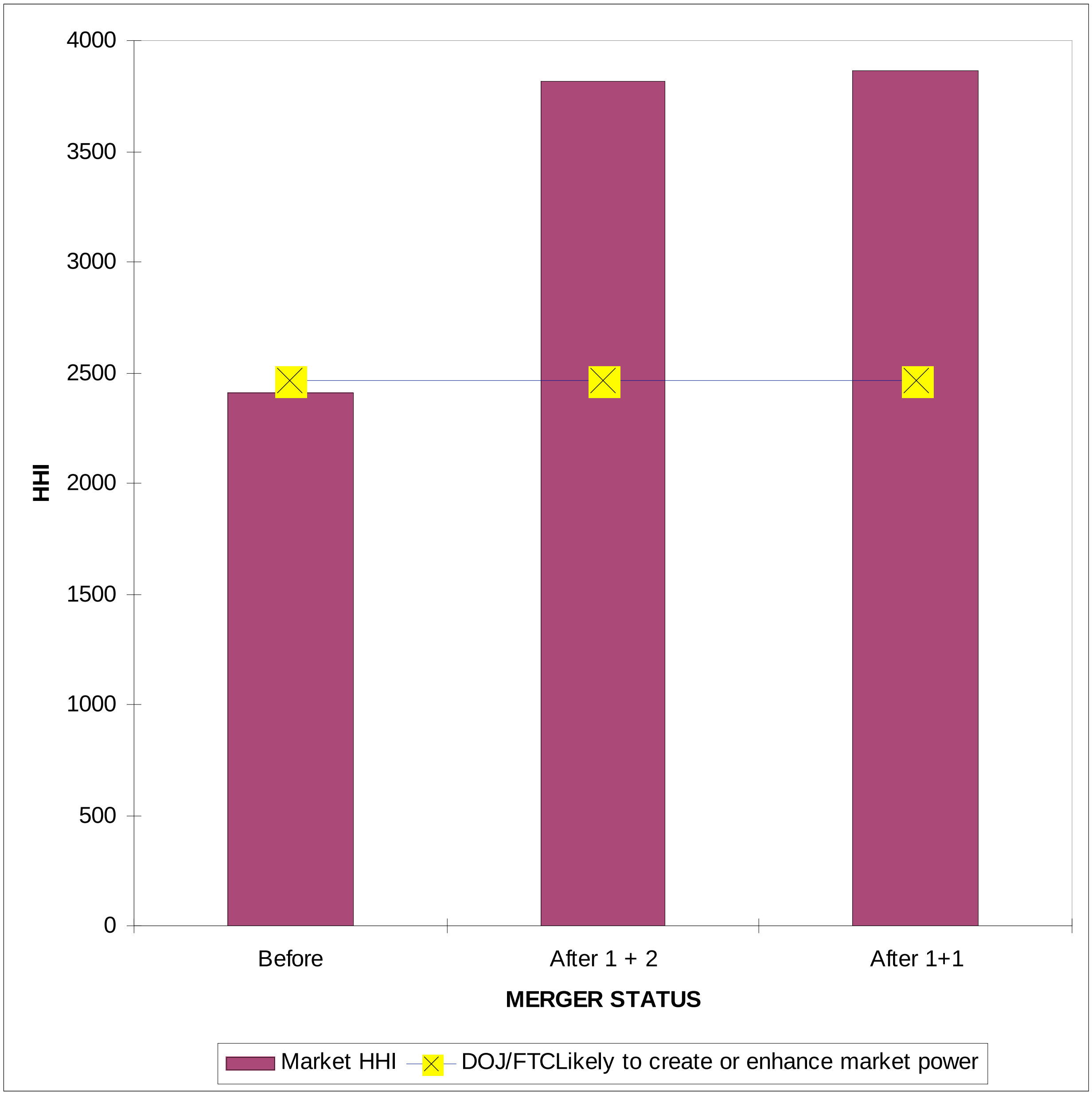


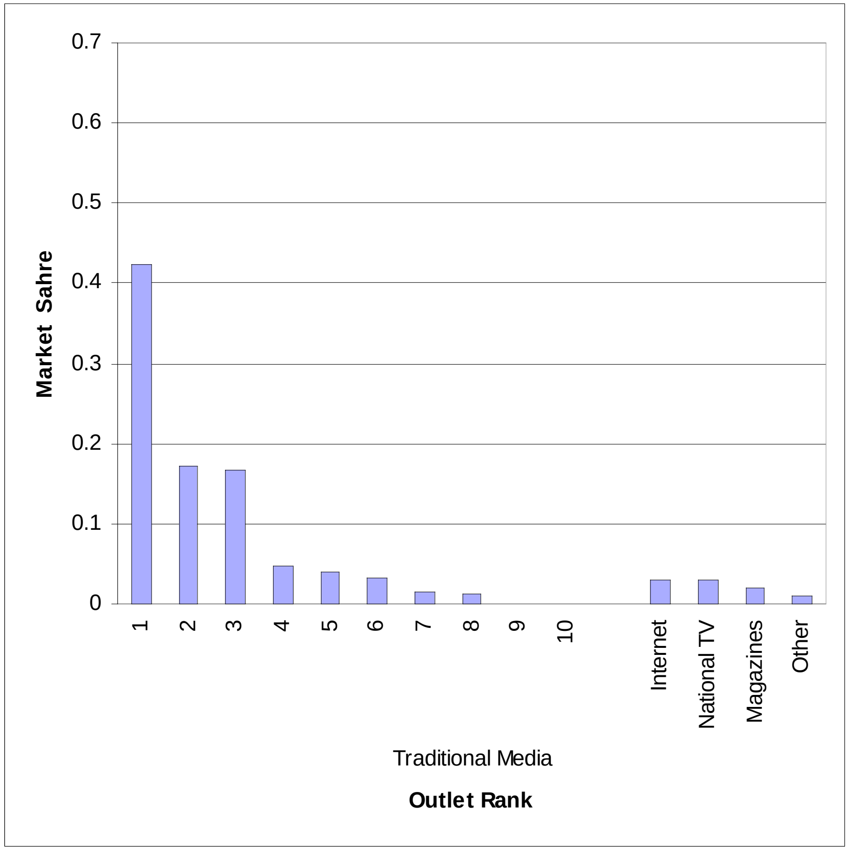
**EXHIBIT 6:**
**LANSING: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

**(Cumulative Effect of All Mergers)**



## EXHIBIT 7:
## LANSING: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

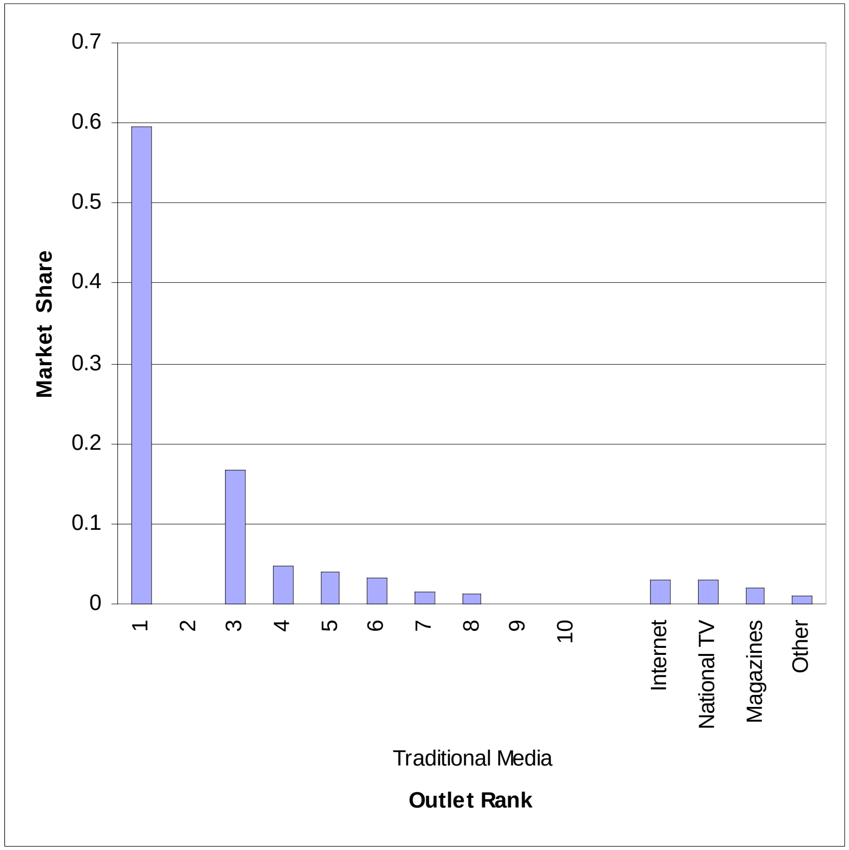


**EXHIBIT 8:**
**BATTLE CREEK: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**
**(Cumulative Effect of All Mergers)**

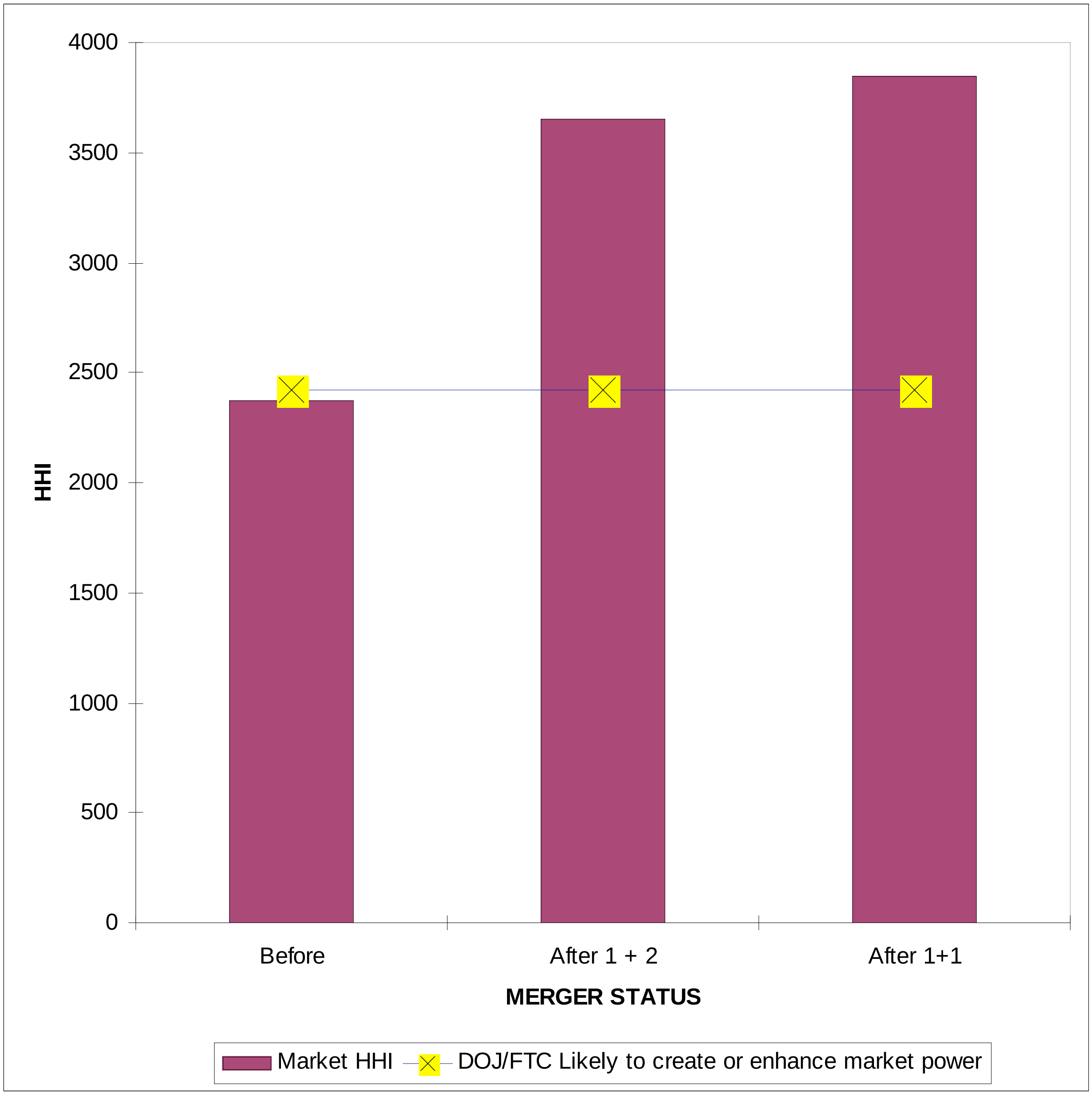
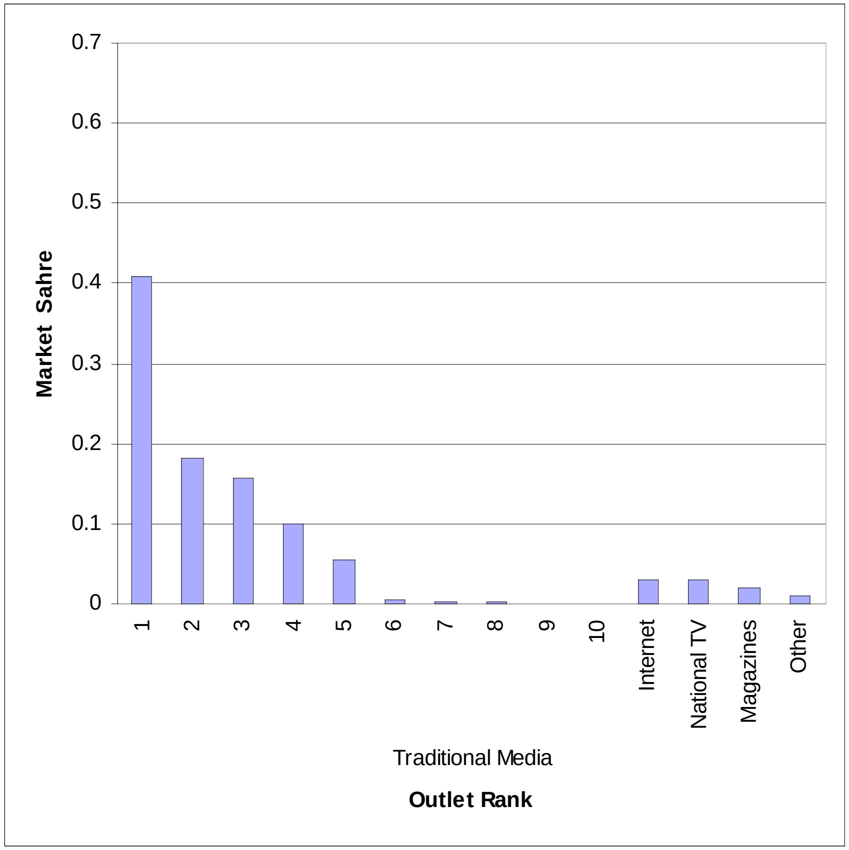
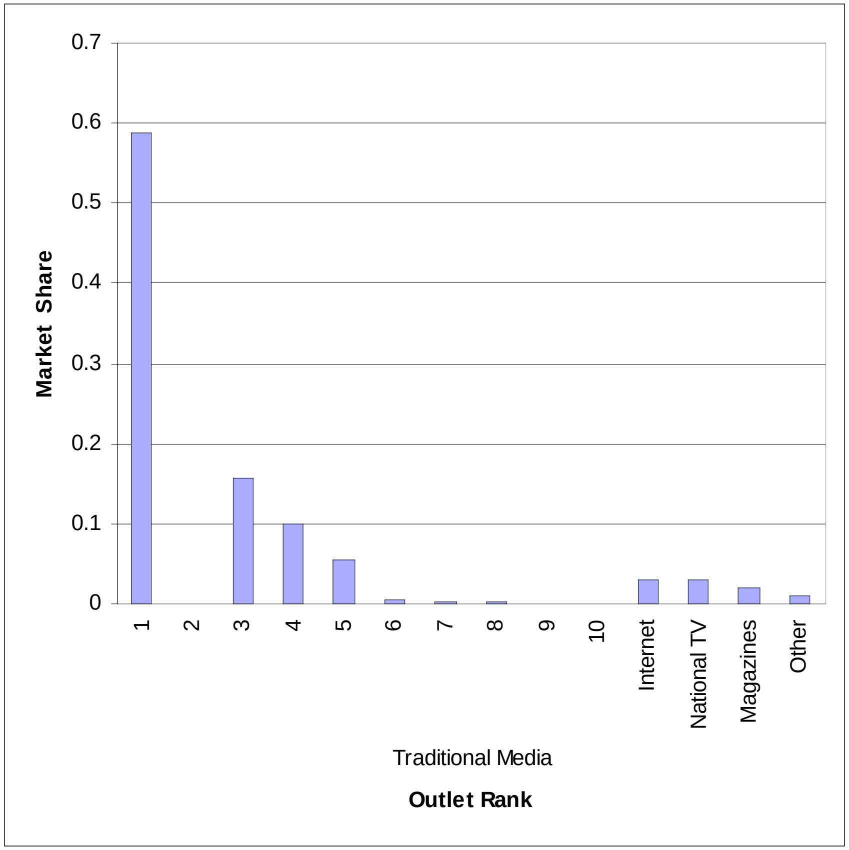


**EXHIBIT 9:**
**BATTLE CREEK: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**



# STUDY 32: THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN MONTANA

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st}$ + $1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are highly concentrated, tight oligopolies in all three cities. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*.  If these mergers were allowed, most markets would be dominated by one or two large players.

**Billings**

**Current Status:** As shown in Exhibit 1, the HHI for each individual media outlet indicates a highly concentrated market.  The combined media market is highly concentrated as well.  Exhibit 2 shows the largest four firms have a combined market share of close to 100 percent, making them all tight oligopolies.  When we combine all of the media outlets into a combined media market, we find that the overall market is highly concentrated and a tight oligopoly.

**Impact of Mergers:** As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 3000 to between 4000 and 5500, a huge increase.

As shown in Exhibits 3 and 5, the leading firm's market share would rise from about 45 percent to over 70 percent if the dominant TV station and the dominant newspaper merged. The second ranked firm in the market would be much smaller, one-quarter the size, with a market share of just over 10 percent.

**Helena**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market.  The combined media market is highly concentrated. Exhibit 2 shows the largest four firms have a combined market share of 90 percent to 100 percent for the individual medias well as the combined media, making them all tight oligopolies.

**Impact of Mergers:** As shown in Exhibits 3 and 6, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 3300 to 4500 – 5500.

As shown in Exhibit 7, the leading firm's market share would rise from just over 50 percent to about 75 percent if the dominant players in the TV and newspaper market merged. The second ranked firm in the market would be much smaller, with just over 10 percent.

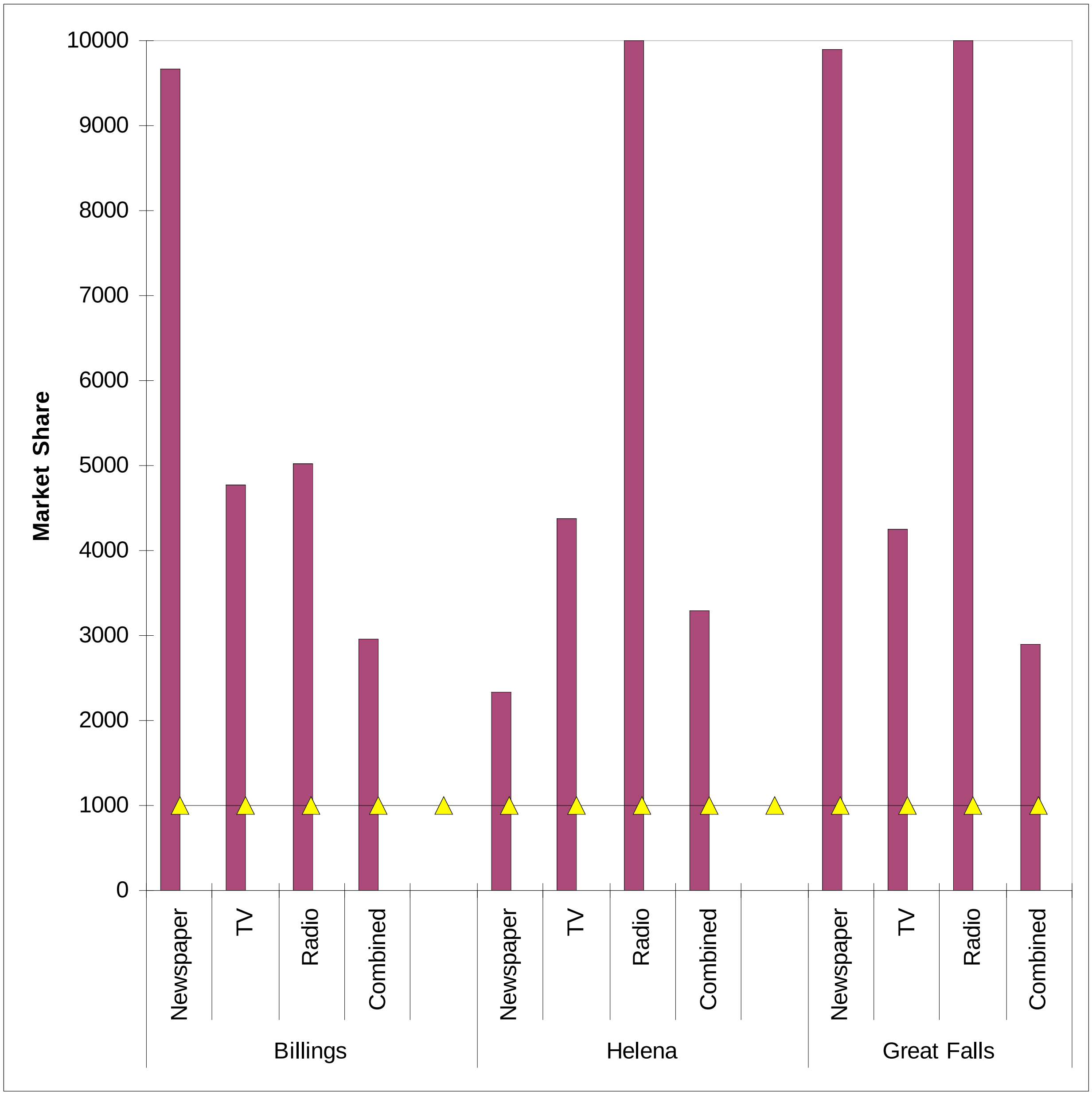
**Great Falls**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market, as is the combined market. Exhibit 2 shows the largest four firms have a market share of 90 percent to 100 percent for the individual media and the combined media, making them all tight oligopolies.

**Impact of Mergers:** Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibit 3 and 8, both merger scenarios yield a substantial increase in the HHI, from about 2900 to a range of 3500 to 5500.

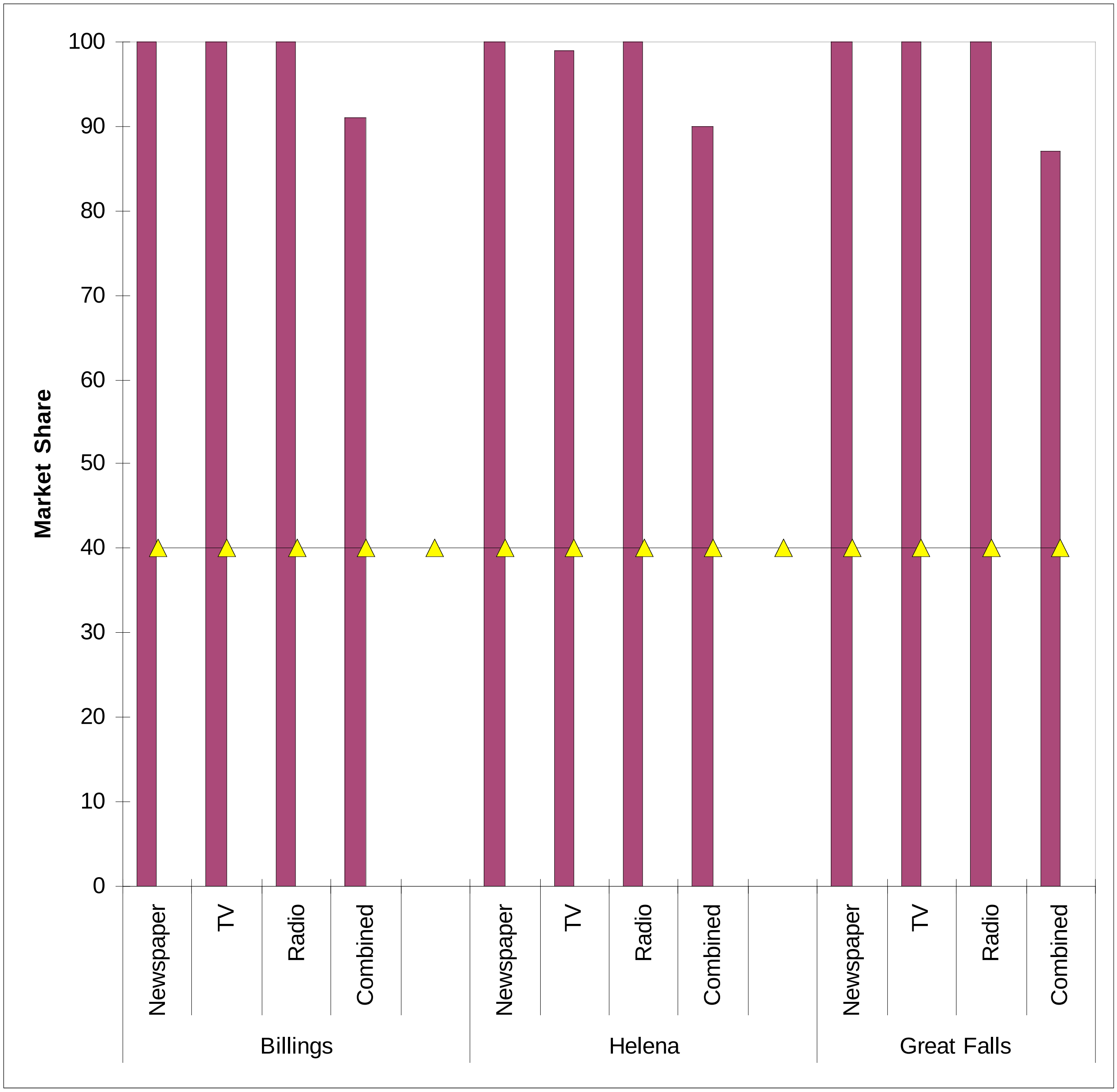
As shown in Exhibit 9, mergers would result in a market with a large firm that overshadows others in the market. The largest firm market share would rise from 45 percent to almost 75 percent. By comparison, the second firm would be much smaller, with a share of less than 10 percent.

**EXHIBIT 1:**
**MONTANA: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ = **Concentrated above 1,000**

**EXHIBIT 2:**
**MONTANA: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**MONTANA: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Shares Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Billings | 2963 | 5559 | Highly concentrated | Violated | NA (one daily) | 91% | 91% | 44% | 74% |
| Helena | 3292 | 5693 | Highly concentrated | Violated | NA (one daily) | 90% | 90% | 51% | 74% |
| Great Falls | 2900 | 5448 | Highly concentrated | Violated | NA (one daily) | 87% | 91% | 44% | 73% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Billings | 2963 | 4024 | Highly concentrated | Violated | NA (one daily) | 91% | 91% | 44% | 56% |
| Helena | 3292 | 4586 | Highly concentrated | Violated | NA (one daily) | 90 | 90% | 51% | 63% |
| Great Falls | 2900 | 3688 | Highly concentrated | Violated | NA (one daily) | 87$ | 91% | 44% | 53% |

**EXHIBIT 4:**
**BILLINGS: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

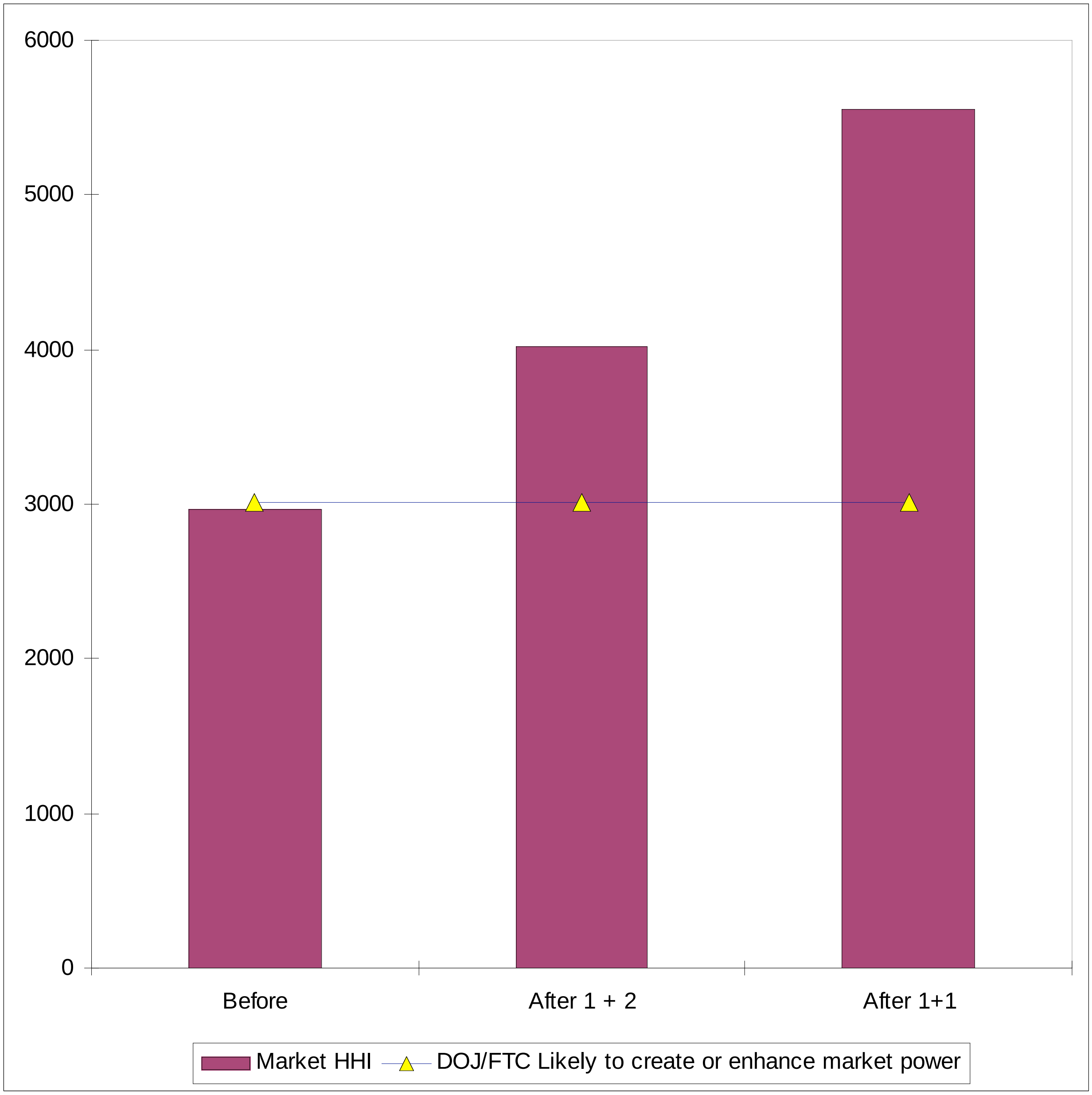
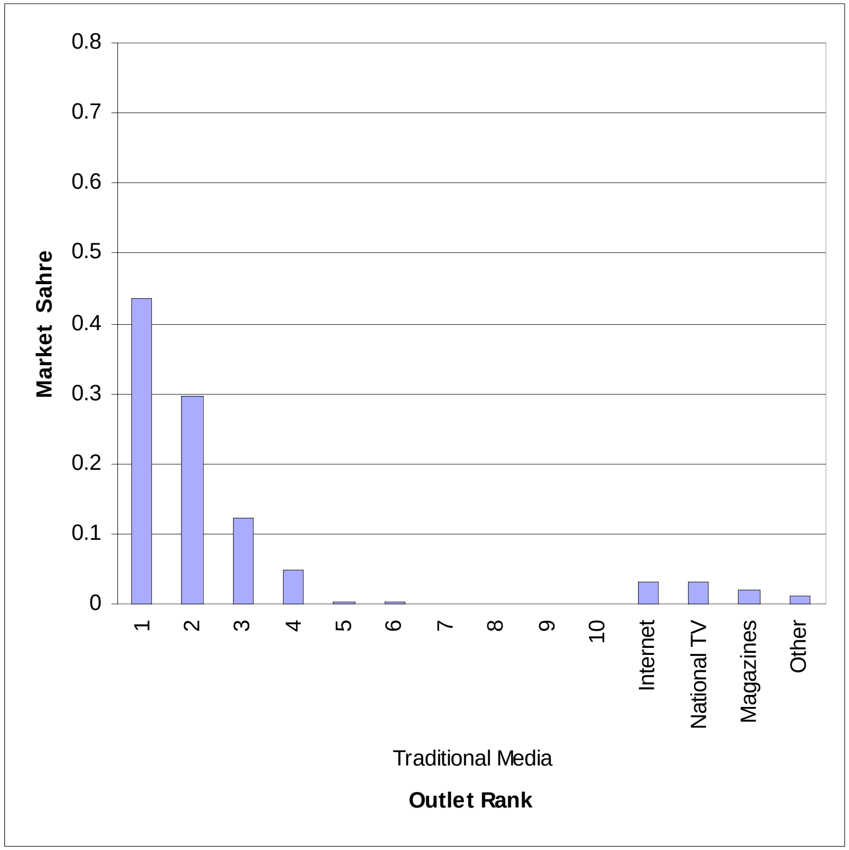


**EXHIBIT 5:**
**BILLINGS: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

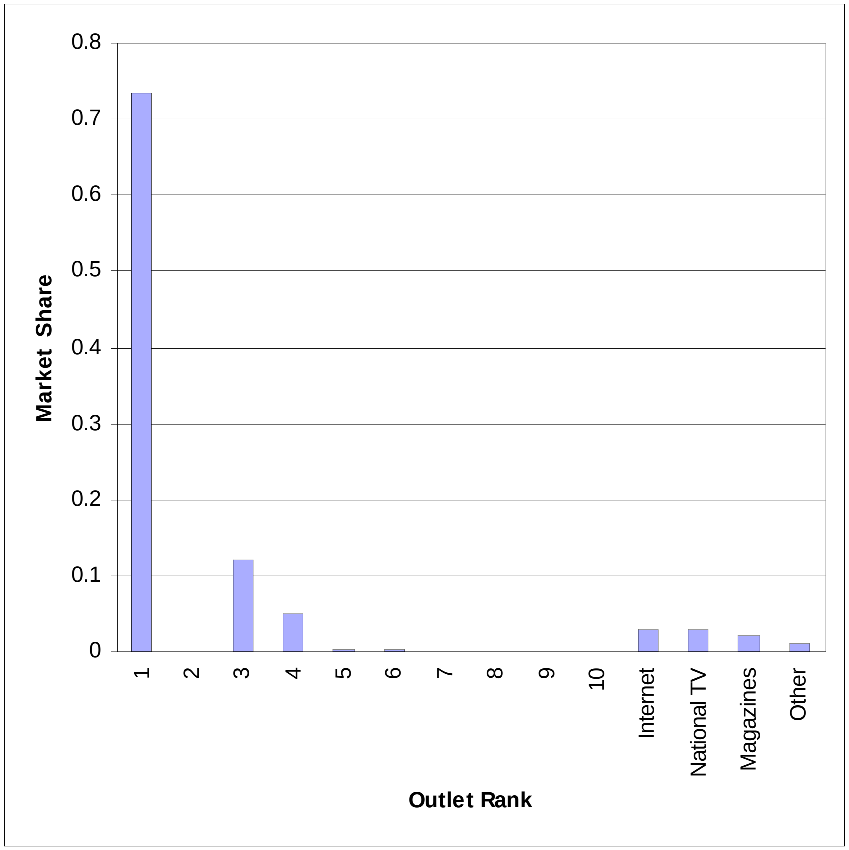


**EXHIBIT 6:**
**HELENA: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

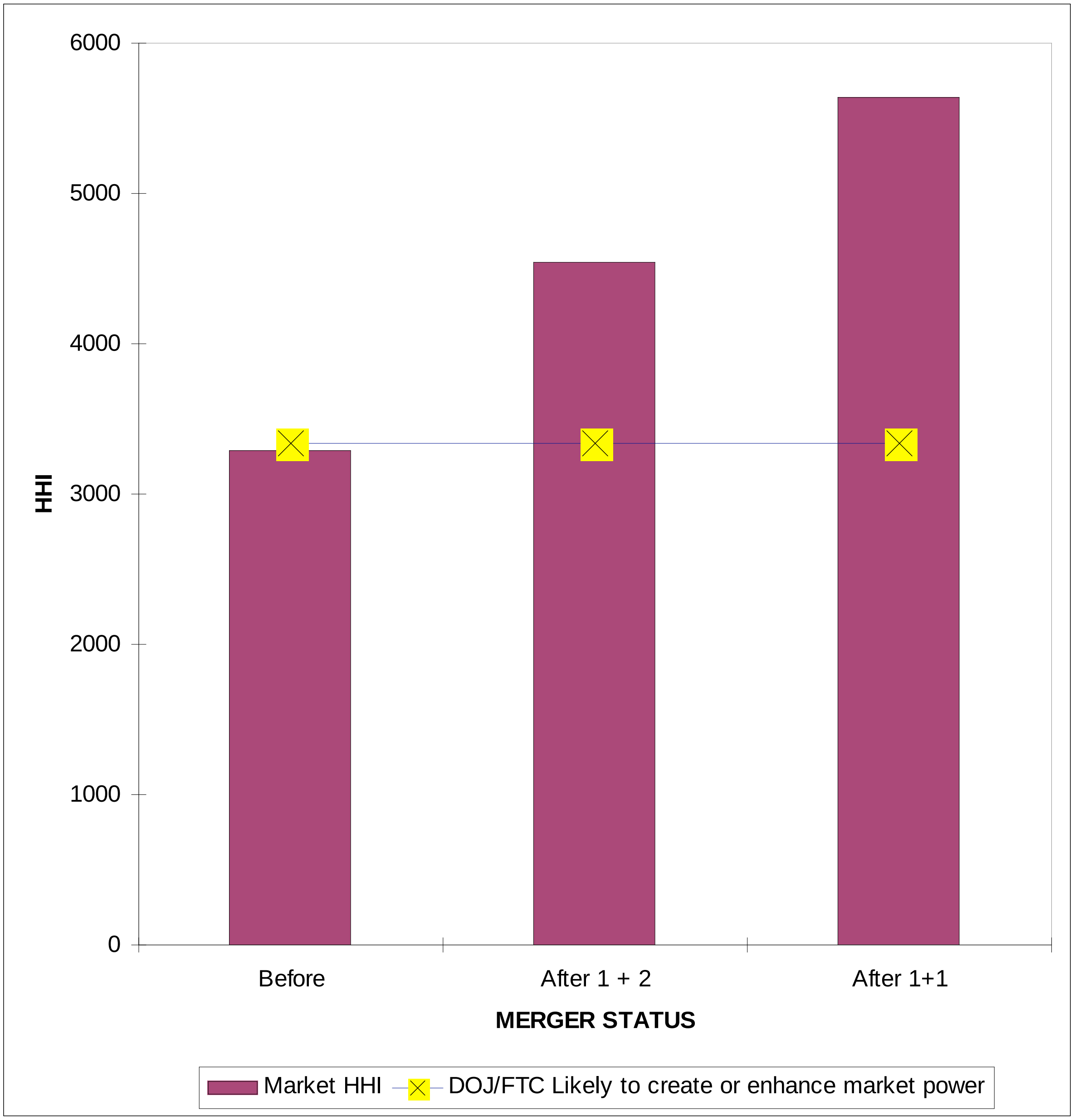
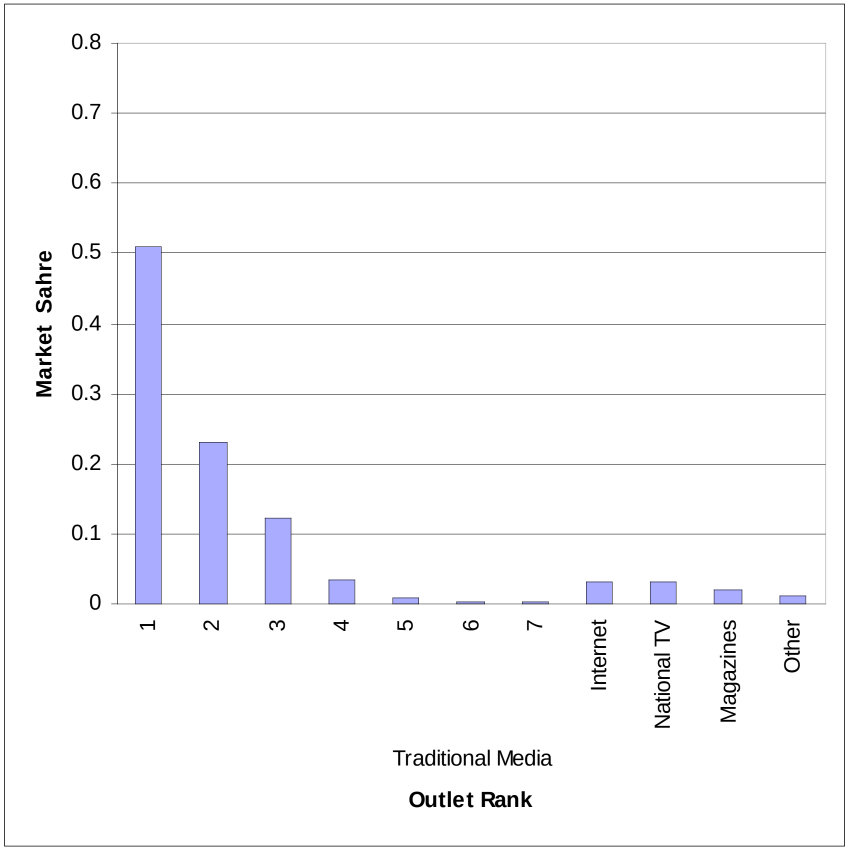


**EXHIBIT 7:**
**HELENA: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

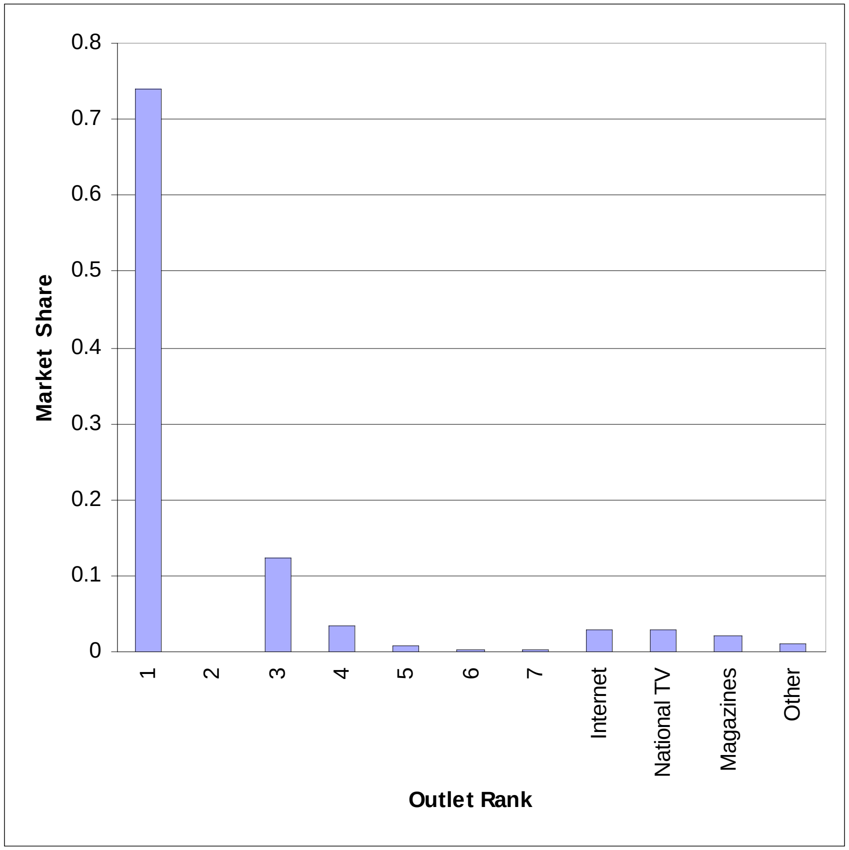


**EXHIBIT 8:**
**GREAT FALLS: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

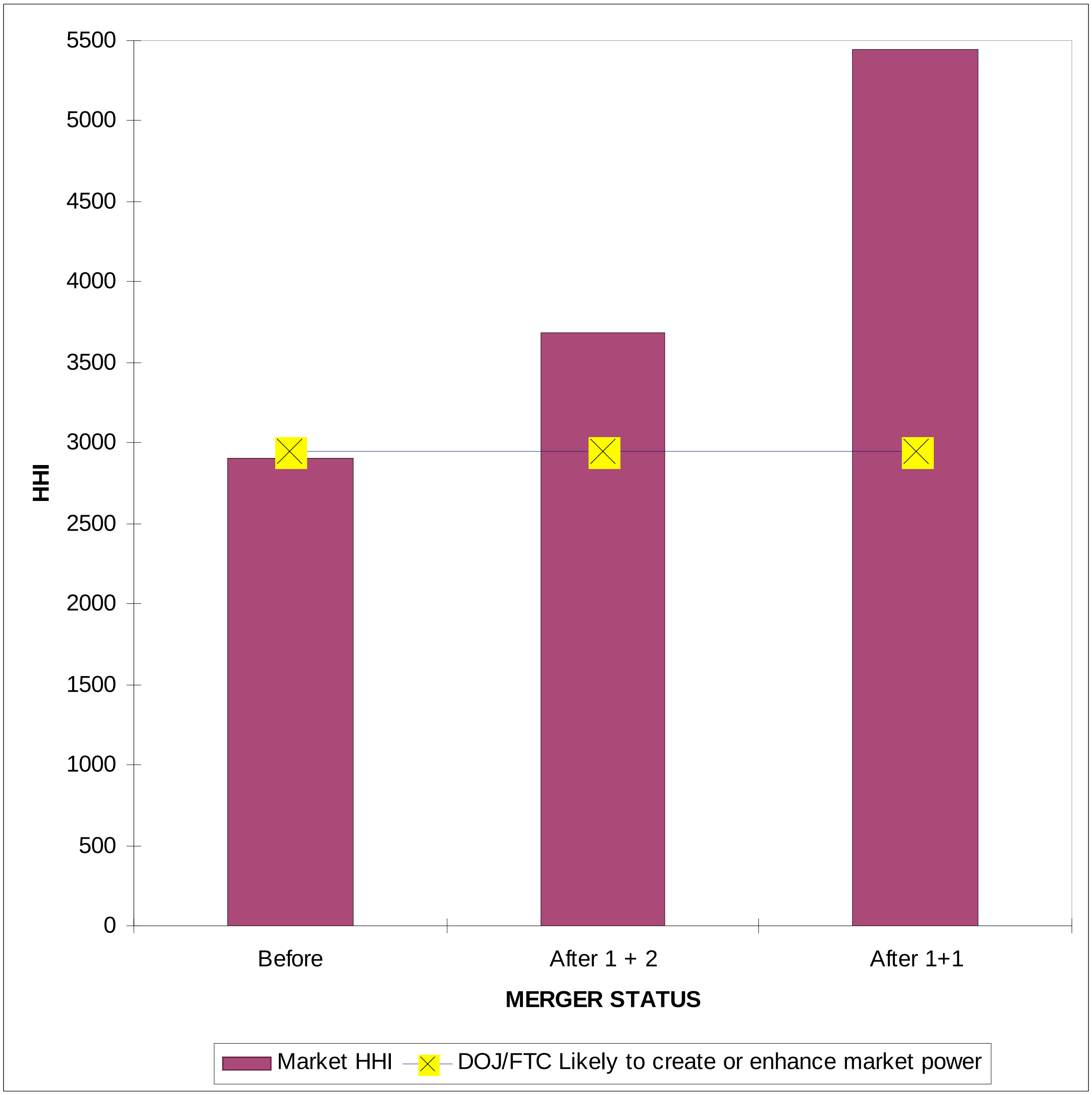
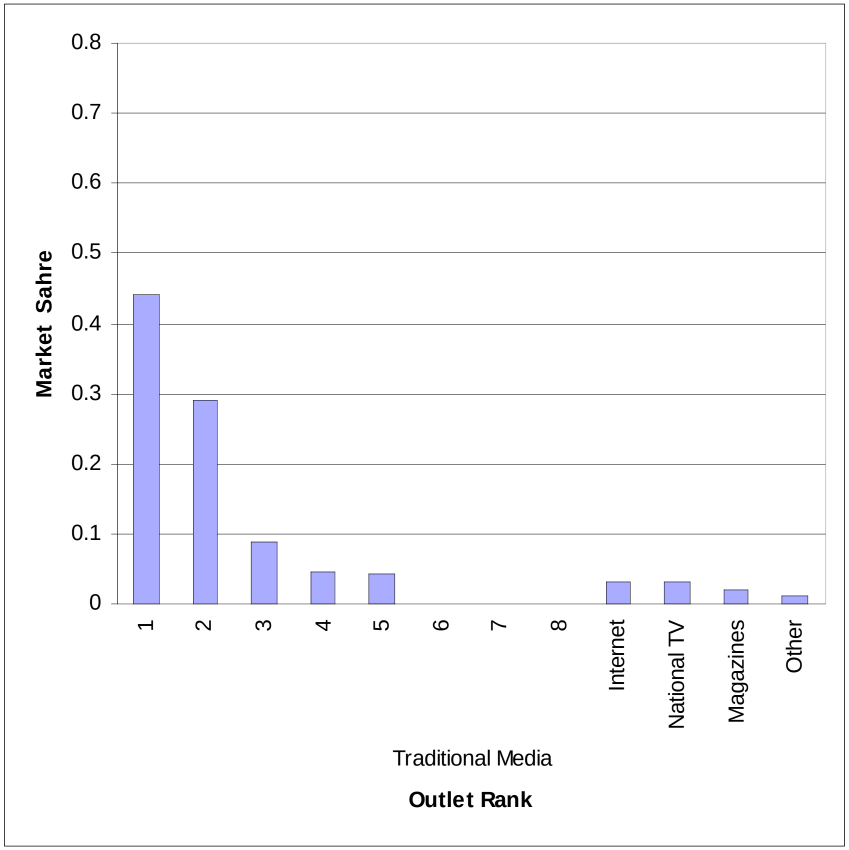
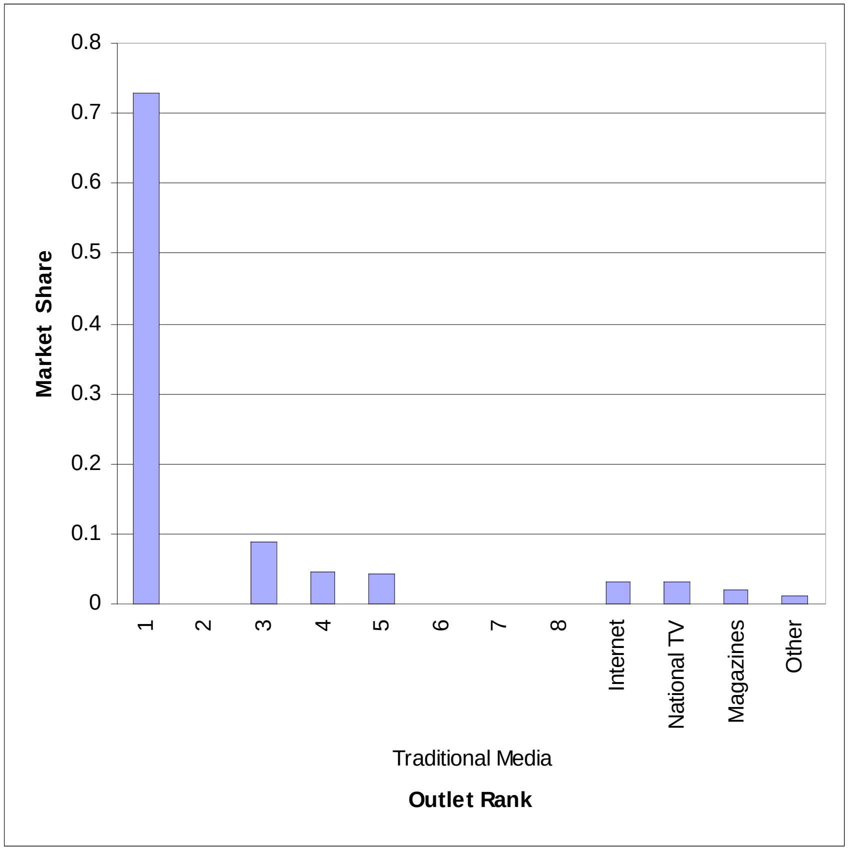


**EXHIBIT 9:**
**GREAT FALLS: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**



# STUDY 33:
# THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN OHIO

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st}$ + $1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are concentrated, tight oligopolies in Cleveland and Columbus and a highly concentrated, tight oligopoly in Toledo. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Cleveland**

**Current Status:** As shown in Exhibit 1, the HHI for each individual media outlet indicates a highly concentrated market. The combined media market is concentrated market. Exhibit 2 shows the largest four firms have a combined market share of 75 percent to 100 percent, making them all tight oligopolies. When we combine all of the media outlets into a combined media market, we find that the overall market is concentrated and a tight oligopoly.

**Impact of Mergers:** As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 1500 to around 2500. Thus, a concentrated market would become highly concentrated. The four firm concentration ratio would rise from 68 percent to over 80 percent.

As shown in Exhibits 3 and 5, the leading firm's market share would rise from just under 35 percent to over 45 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, less than half the size with a market share of under 20 percent. Together, the top two firms would have almost two thirds of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Columbus**

**Current Status:** As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market. The combined media market is concentrated. Exhibit

2 shows the largest four firms have a combined market share of 90 percent to 100 percent for the individual media and 75 percent for the combined media, making them all tight oligopolies. When we combine all of the media outlets into an overall media market, we find that the overall market is concentrated and a tight oligopoly.

*The Columbus Dispatch* dominates the newspaper market and it is cross-owned with WBNS. In TV, the major outlets are WBNS, and WCMH.

**Impact of Mergers:** As shown in Exhibits 3 and 6, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2600 to around 3000. The four firm concentration ratio would rise from 75 percent to 83 percent.

As shown in Exhibit 7, the leading firm's market share would rise from about 40 percent to 55 to 61 percent, if cross-ownership were allowed. The second ranked firm in the market would be much smaller, with a market share of under 20 percent. The top two firms would have over two-thirds of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Toledo**

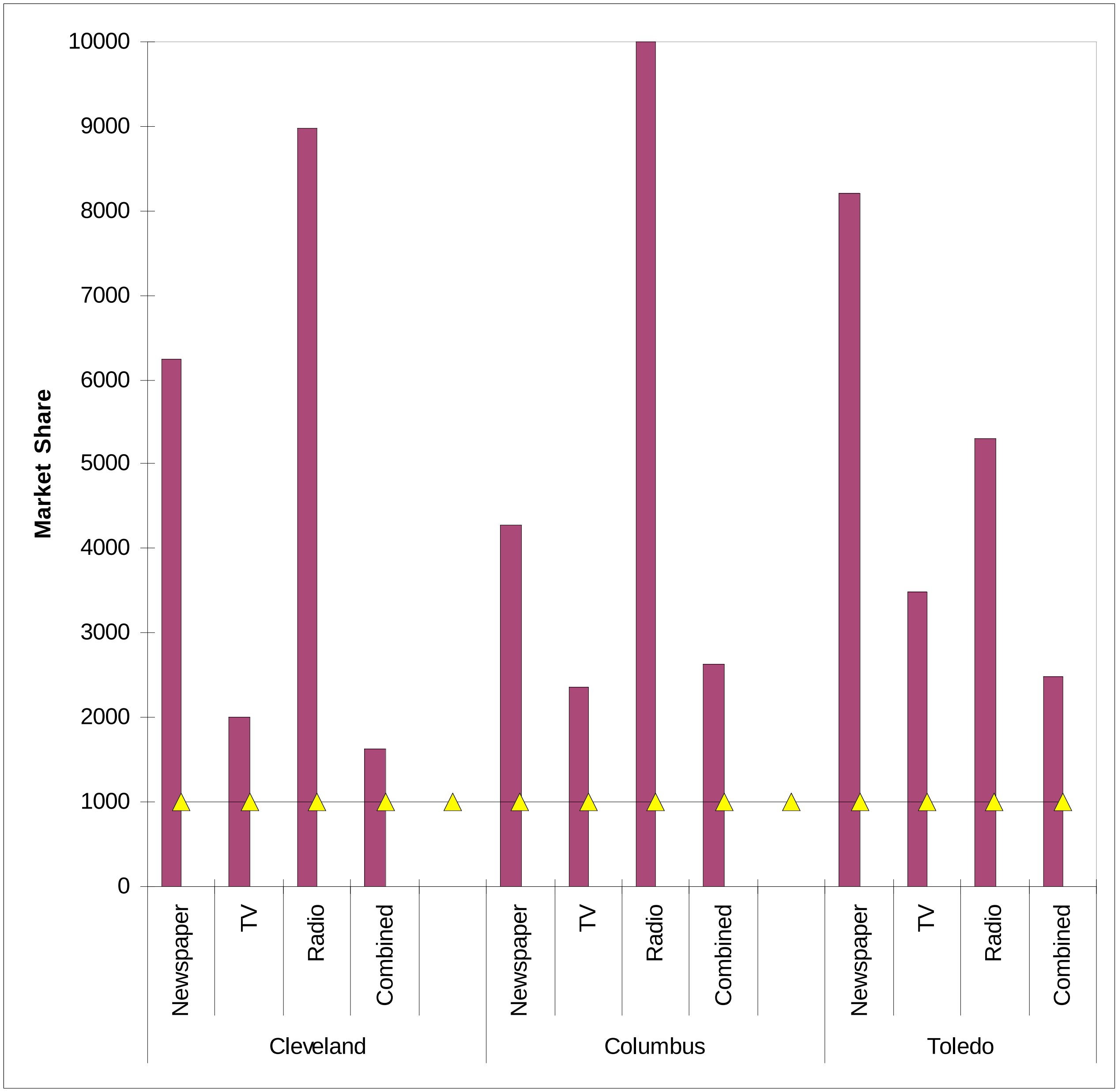
**Current Status:** As shown in Exhibit 1, the HHIs indicate that the individual media markets are highly concentrated, as is the combined market. Four firm concentration ratios in Exhibit 2 are in the range of 90 percent to 100 percent for the individual media and over 80 percent for the combined market. Thus, the combined market is a highly concentrated tight oligopoly.

The dominant newspaper is the *Blade.* The leading TV stations are WTOL, WTVG and WNMO.

**Impact of Mergers:** Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield a substantial increase in the HHI, in the range of points, 1200 – 2000 points. The dominant firm would go for around 40 percent to as much as 65 percent.

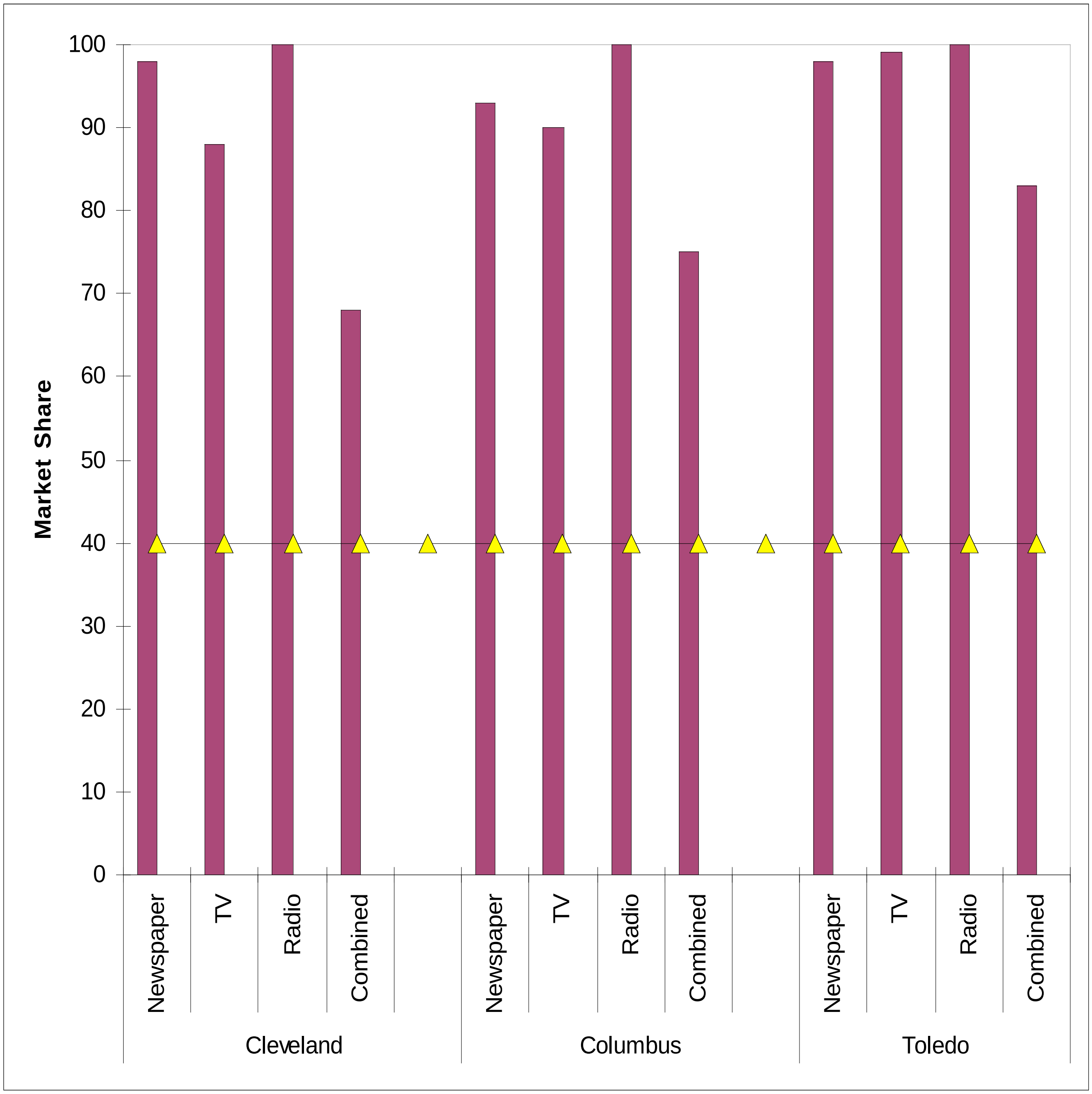
As shown in Exhibit 9, mergers would result in a market that would be dominated a single firm. The largest firm market share would not only rise to almost two-thirds of the market, it would dwarf its nearest rival, which would have a share of less than fifteen percent.

**EXHIBIT 1:**
**OHIO: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ **= Concentrated above 1,000**

**EXHIBIT 2:**
**OHIO: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**OHIO: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

**1 + 1 Scenario:**
**Largest Newspaper Merges with Largest TV Station, etc.**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Shares: Top Four Before | Top Four After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| Cleveland | 1636 | 2585 | Highly Concentrated | Violated | Violated | 68% | 83% | 34% | 53% |
| Columbus | 2622 | 3260 | Highly concentrated | Violated | Violated | 75% | 89% | 48% | 52% |
| Toledo | 2474 | 4482 | Highly concentrated | Violated | Violated | 83% | 89% | 42% | 65% |

**1 + 2 Scenario:**
**Largest Newspaper Merges with Second Largest TV Station, etc.**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Shares: Top Four Before | Top Four After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| Cleveland | 1636 | 2570 | Highly Concentrated | Violated | Violated | 68% | 83% | 34% | 45% |
| Columbus | 2622 | 2975 | Highly concentrated | Violated | Violated | 75% | 78% | 48% | 51% |
| Toledo | 2474 | 3632 | Highly concentrated | Violated | Violated | 83% | 89% | 42% | 53% |

**EXHIBIT 4:**
**CLEVELAND: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

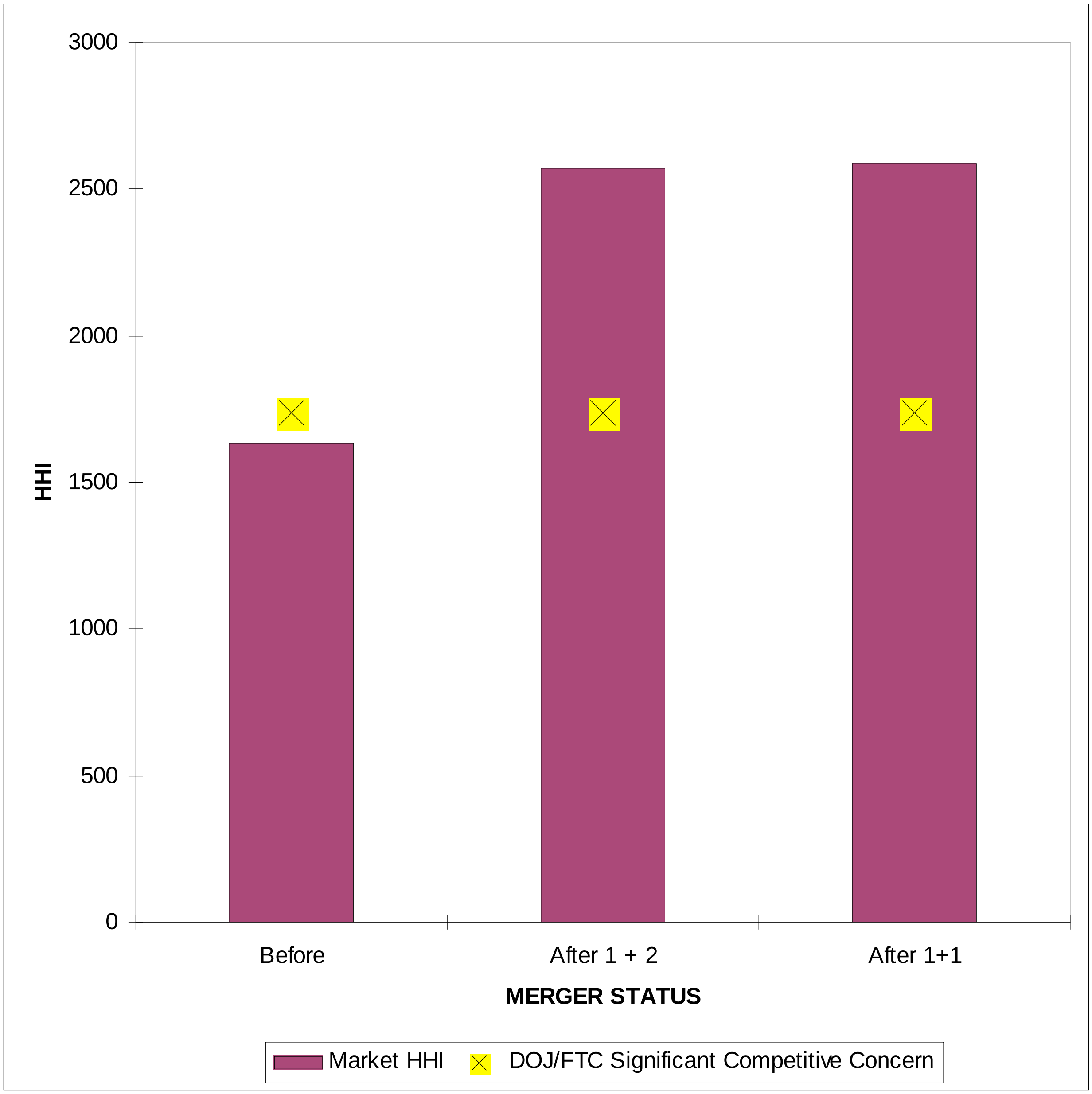
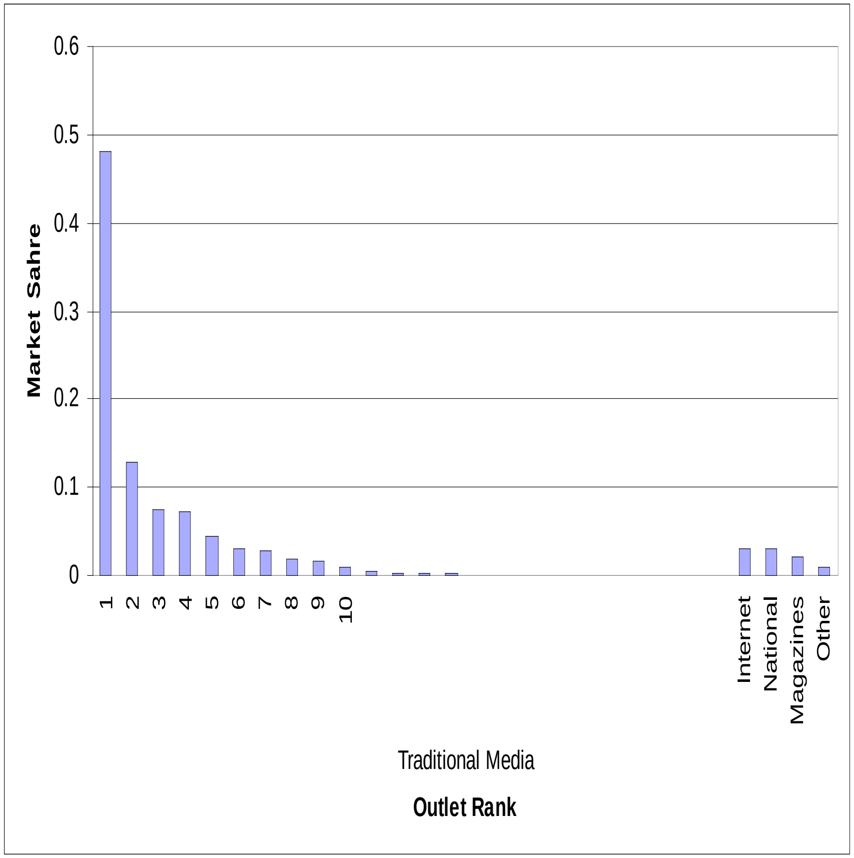


**EXHIBIT 5:**
**CLEVELAND: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

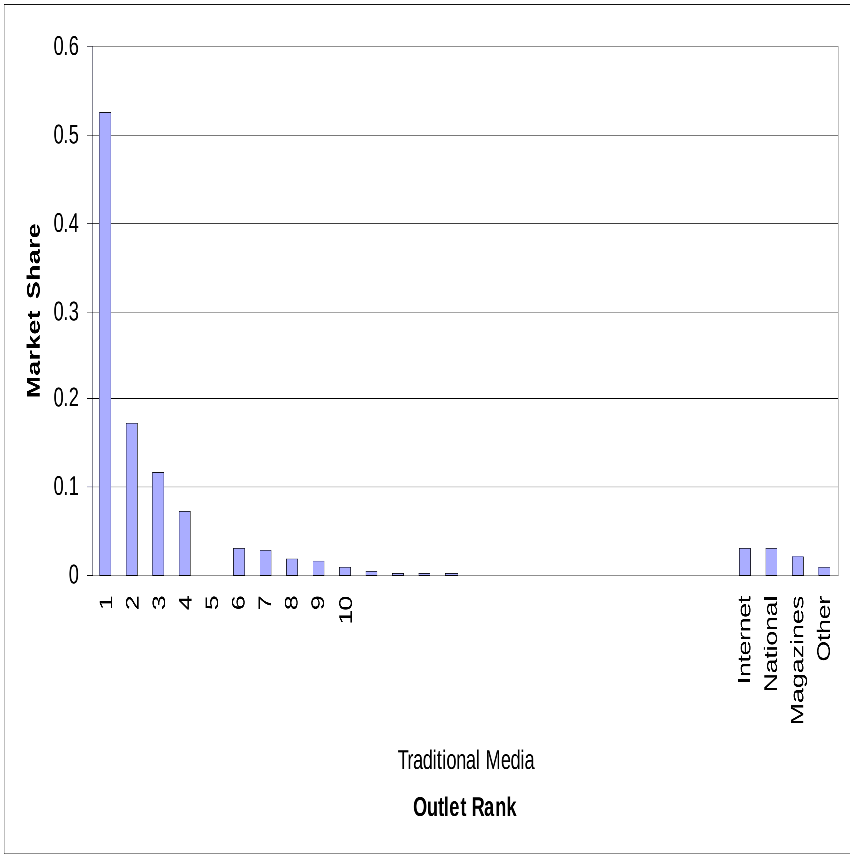


**EXHIBIT 6:
COLUMBUS: IMPACT OF NEWSPAPER/TV MERGERS
CHANGE IN HHI**

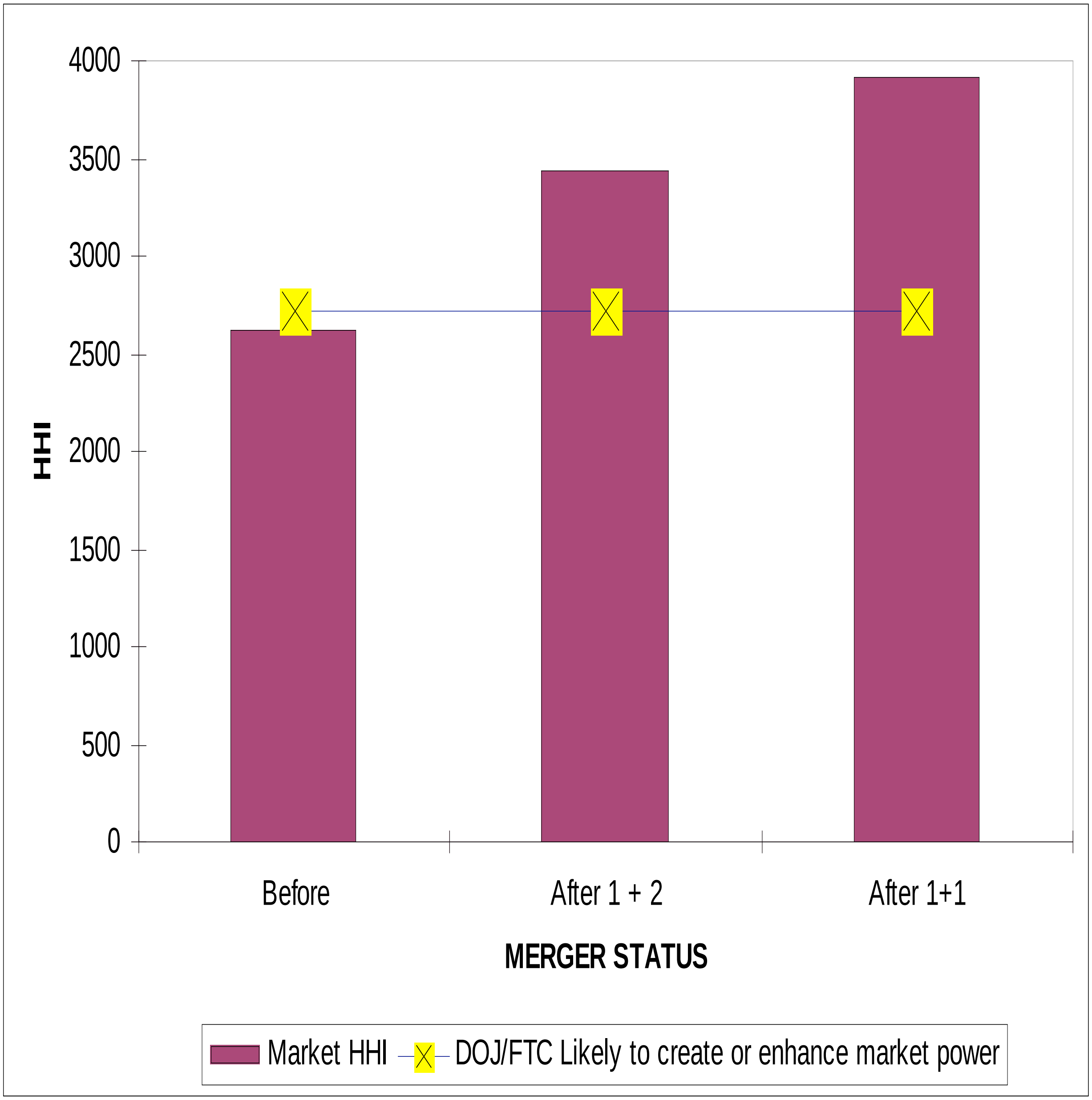
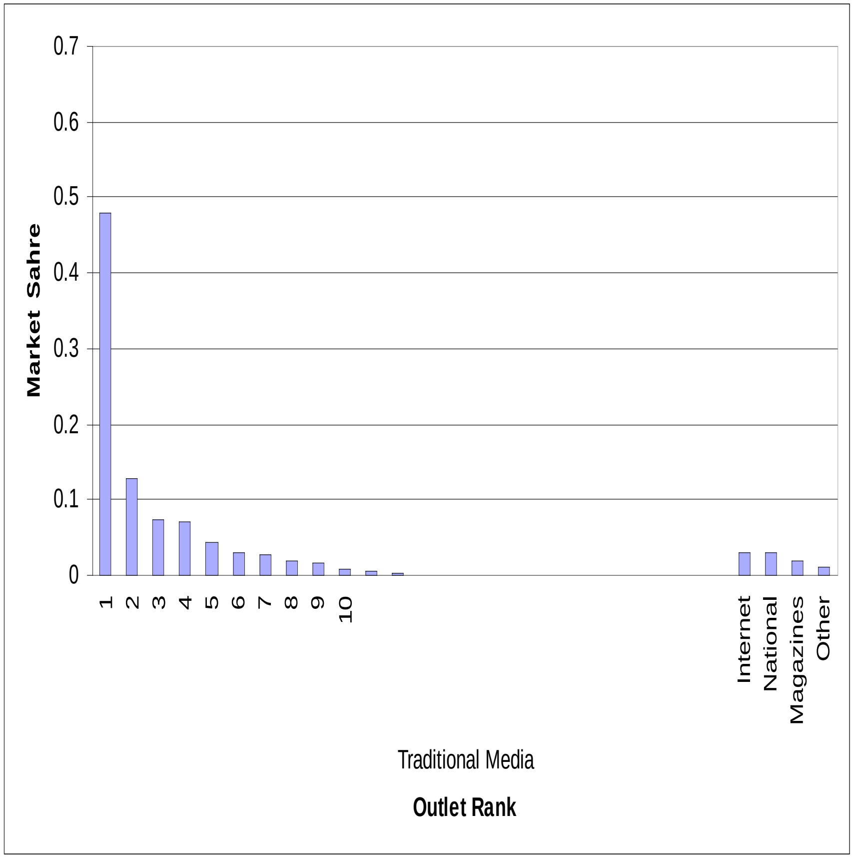


**EXHIBIT 7:**
**COLUMBUS: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

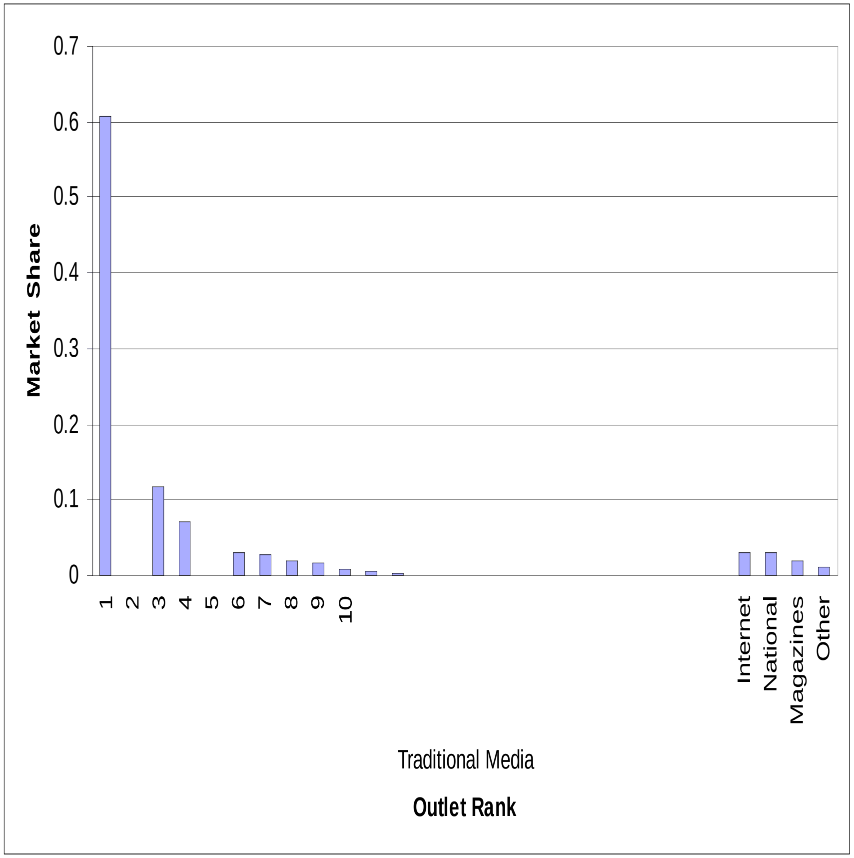


**EXHIBIT 8:**
**TOLEDO: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

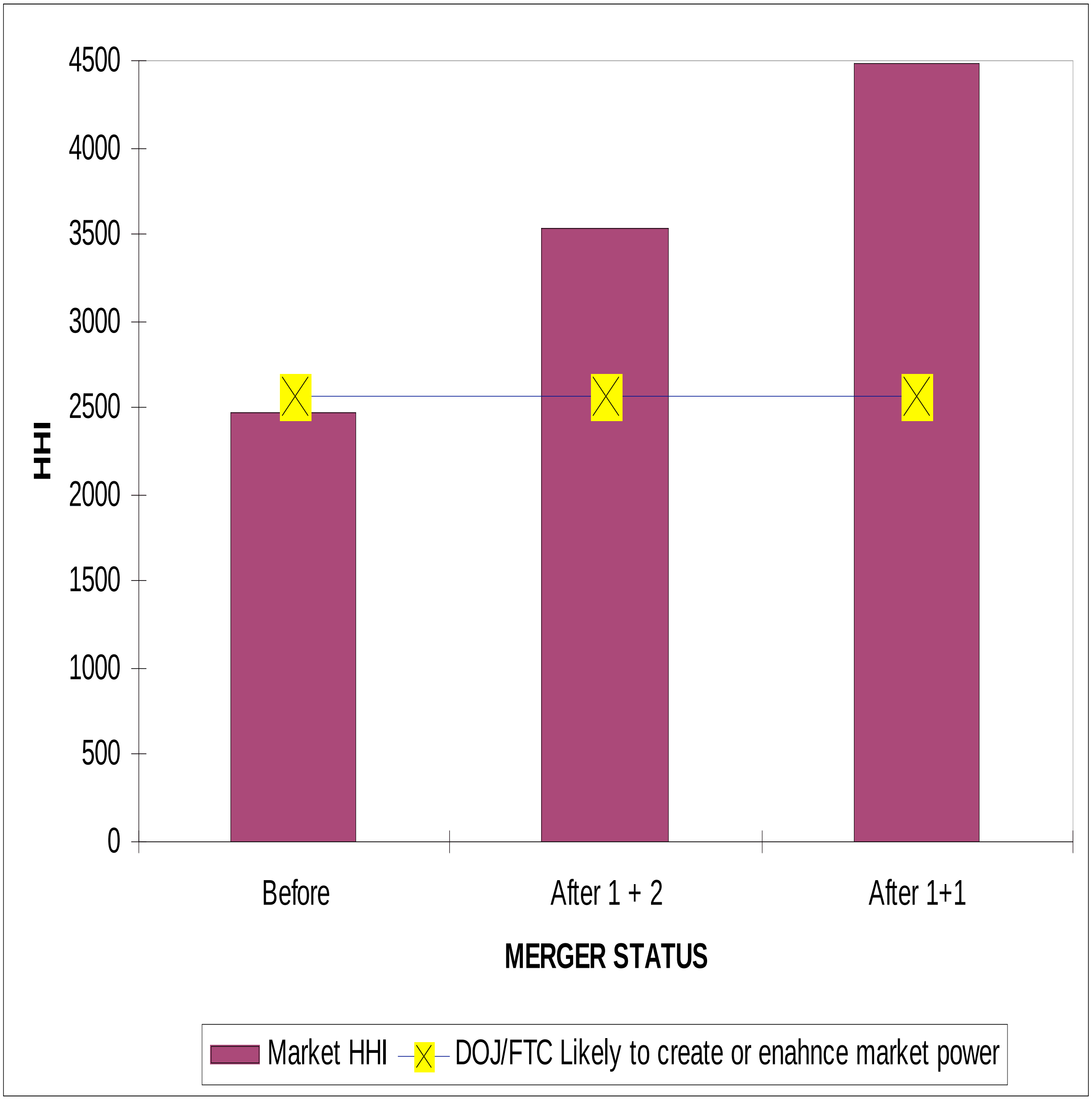
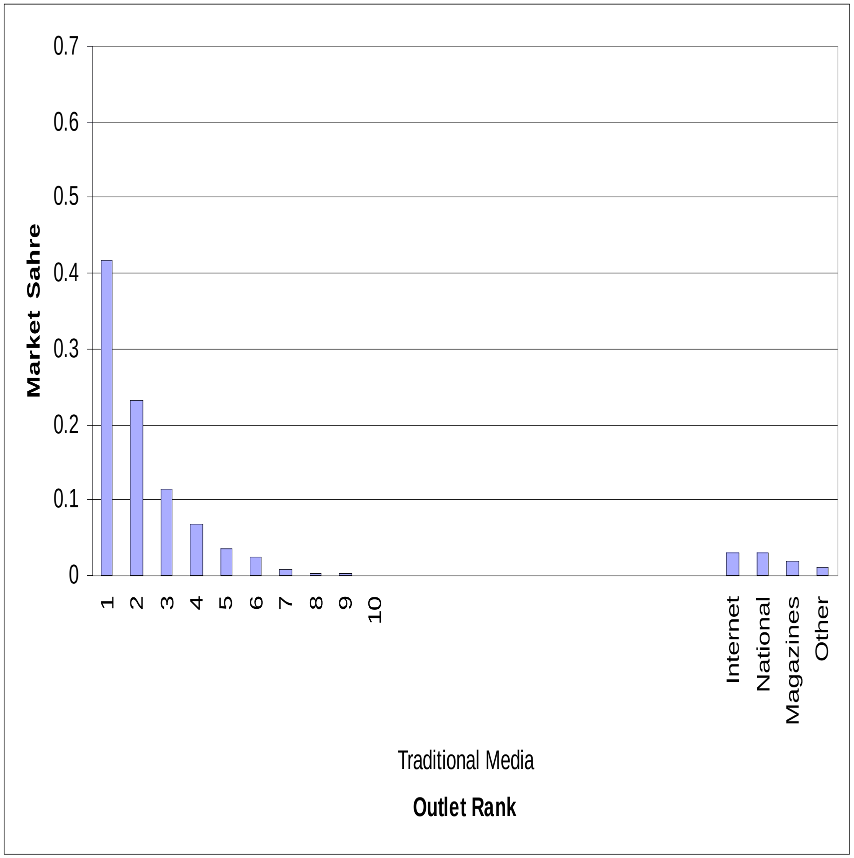
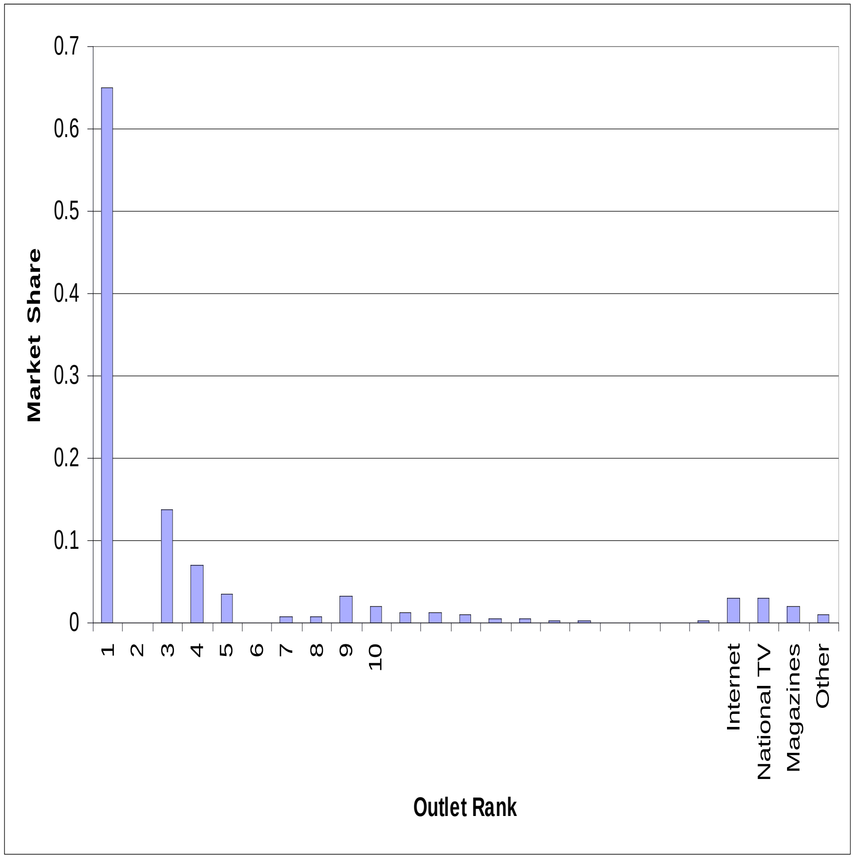


**EXHIBIT 9:**
**TOLEDO: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**



# STUDY 34: THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN OREGON

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four firm concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st}$ + $1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly, except for TV in Eugene, which is a concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are concentrated, tight oligopolies in Portland and Eugene and a highly concentrated, tight oligopoly in Medford. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Portland**

**Current Status:** As shown in Exhibit 1, the HHI for each individual media outlet indicates a highly concentrated market. The combined media market is concentrated market. Exhibit 2 shows the largest four firms have a combined market share of 70 percent to 100 percent, making them all tight oligopolies. Thus, when we combine all of the media outlets into a combined media market, we find that the overall market is concentrated and a tight oligopoly.

**Impact of Mergers:** As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 1500 to around 2500. Thus, a concentrated market would become highly concentrated. The four firm concentration ratio increases from 65 percent to 83 percent.

As shown in Exhibits 3 and 5, the leading firm's market share would rise from just over 30 percent to 45 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, with a market share of about 15 percent. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Eugene**

**Current Status:** As shown in Exhibit 1, the HHI for newspapers and radio indicates a highly concentrated market. The TV and combined media markets are concentrated. Exhibit 2 shows the largest four firms have a combined market share of 70 percent to 100 percent, making them all tight oligopolies. When we combine all of the media outlets into a combined media market, we find that the overall market is concentrated and a tight oligopoly.

**Impact of Mergers:** As shown in Exhibits 3 and 6, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 1500 to well over 2000. Thus, a concentrated market would become highly concentrated

As shown in Exhibit 7, the leading firm's market share would rise from 30 percent to over 45 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, with a market share of about 10 percent. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

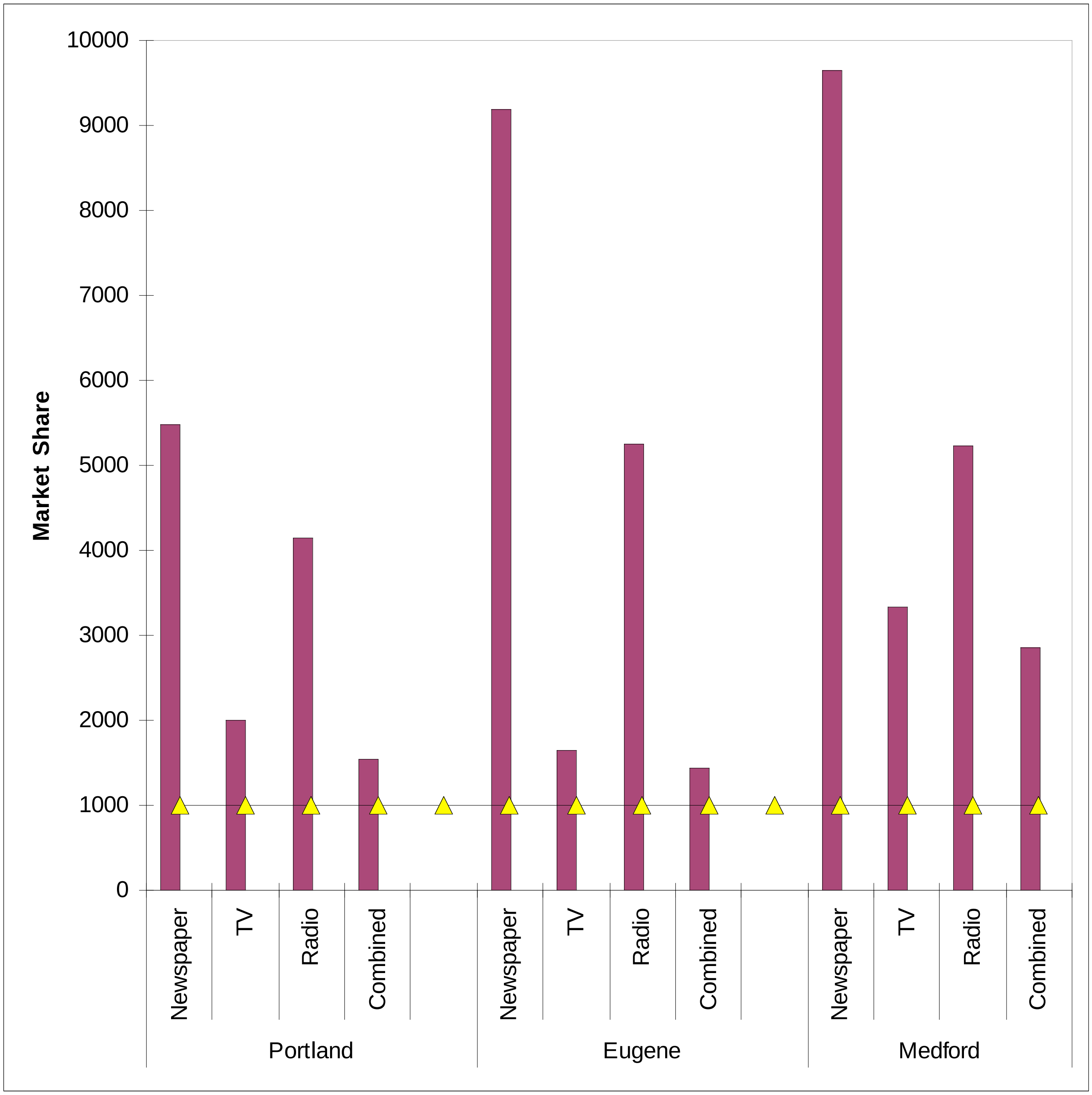
**Medford**

**Current Status:** As shown in Exhibit 1, the individual media markets are highly concentrated, as is the combined market. Four firm concentration ratios in Exhibit 2 are in the range of 90 percent to 100 percent for the individual media and the combined market. A single firm dominates the newspaper market.

**Impact of Mergers:** Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield a substantial increase the HHI, in the range of 1000-2000 points.

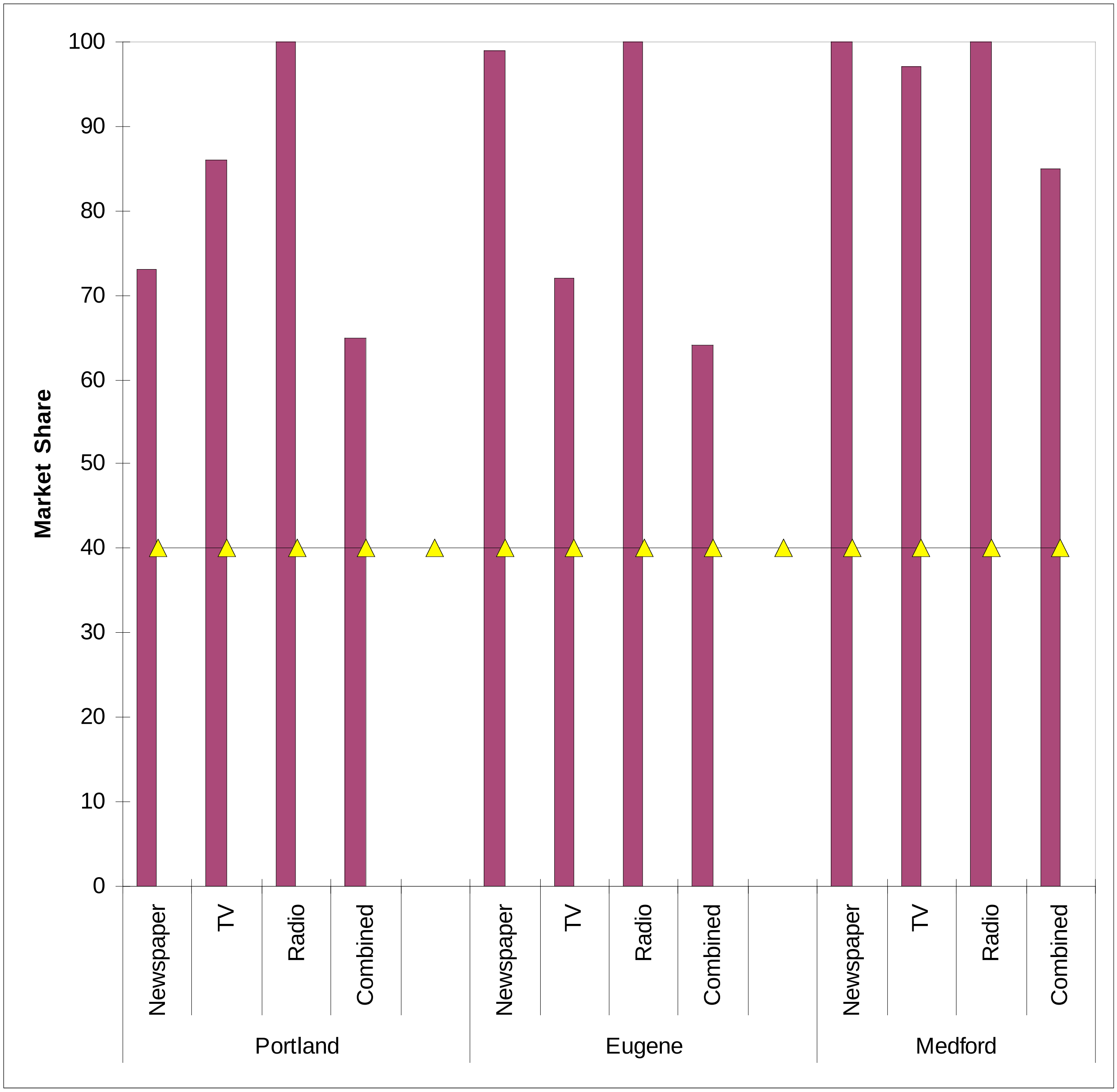
As shown in Exhibit 9, mergers would result in a market that would be dominated a single firm. The largest firm market share would rise from just under 50 percent to almost 70 percent. By comparison, the second firm would be miniscule, with a share under 10 percent.

**EXHIBIT 1:**
**OREGON: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ = **Concentrated above 1,000**

**EXHIBIT 2:**
**OREGON: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**OREGON: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

## 1 + 1 Scenario:
## Largest Newspaper Merges with Largest TV Station, etc.

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Shares: Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| Portland | 1531 | 2572 | Highly Concentrated | Violated | Violated | 64% | 83% | 32% | 45% |
| Eugene | 1446 | 2463 | Highly concentrated | Violated | NA (one daily) | 64% | 71% | 30% | 47% |
| Medord | 2849 | 4936 | Highly concentrated | Violated | NA (one daily) | 85% | 89% | 47% | 69% |

## 1 + 2 Scenario:
## Largest Newspaper Merges with Second Largest TV Station, etc.

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Shares: Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| Portland | 1531 | 2374 | Highly Concentrated | Violated | Violated | 64% | 83% | 32% | 42% |
| Eugene | 1446 | 2006 | Highly concentrated | Violated | NA (one daily) | 64% | 71% | 30% | 39% |
| Medord | 2849 | 3672 | Highly concentrated | Violated | NA (one daily) | 85% | 89% | 47% | 55% |

**EXHIBIT 4:**
**PORTLAND: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

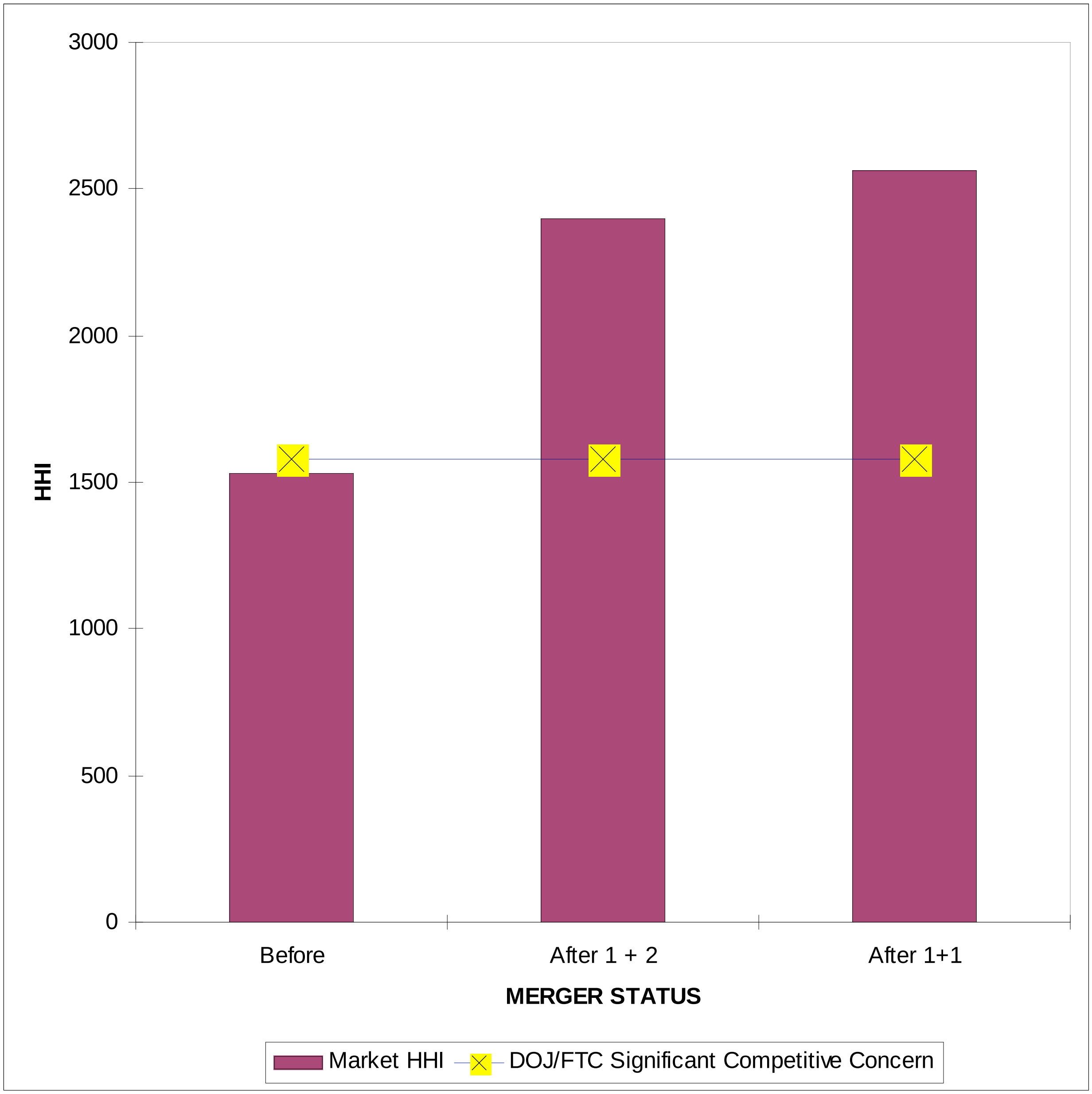
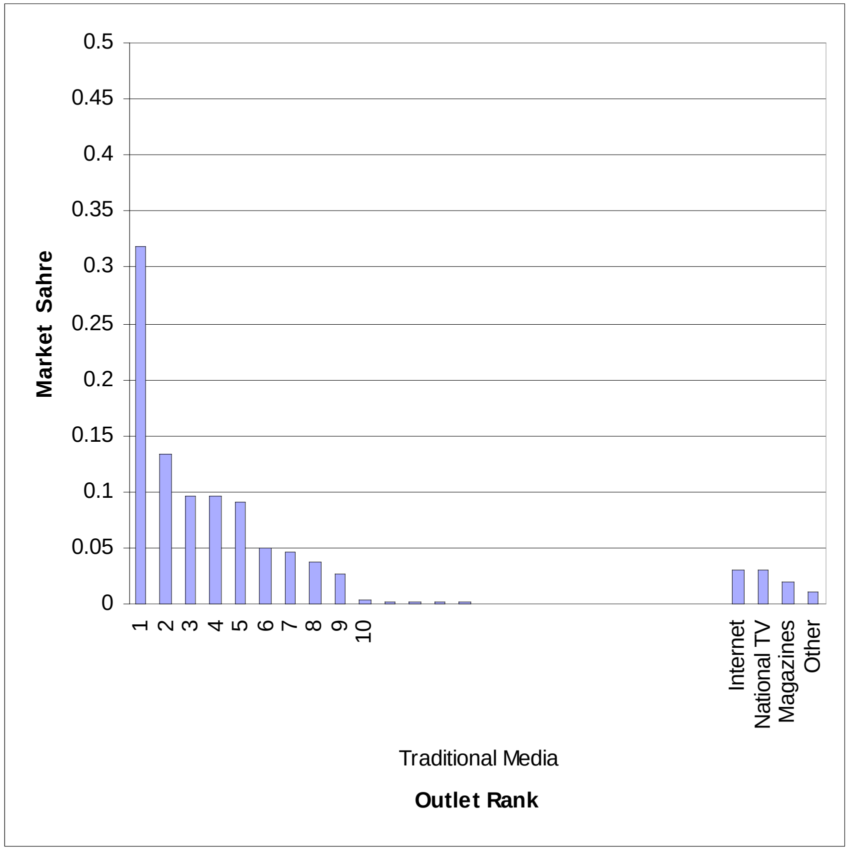


**EXHIBIT 5:**
**PORTLAND: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

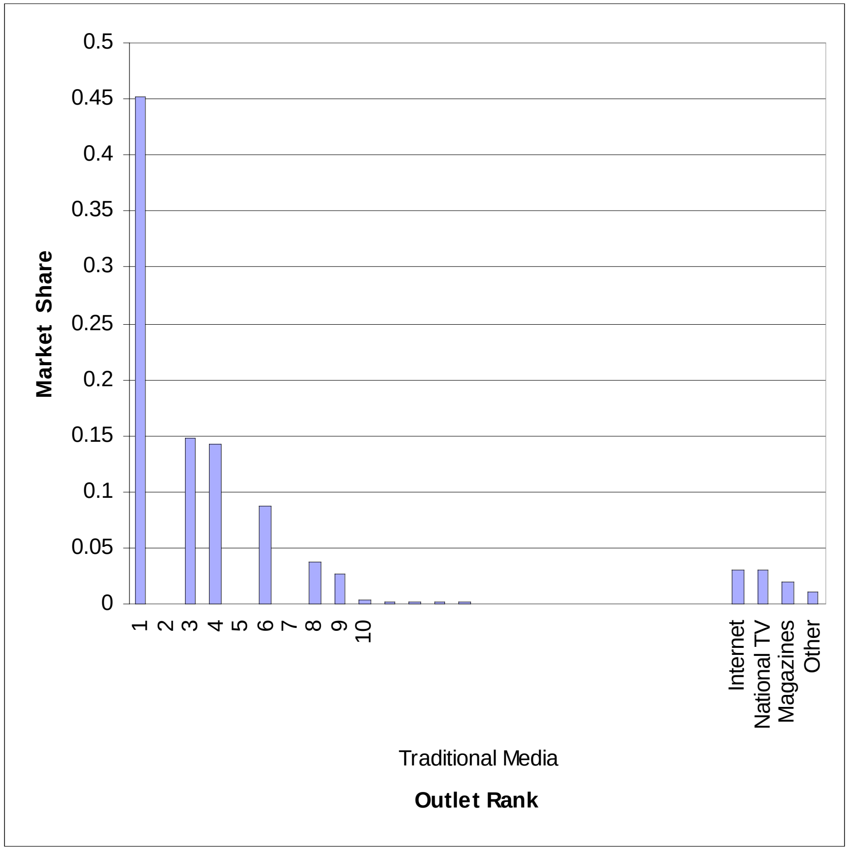
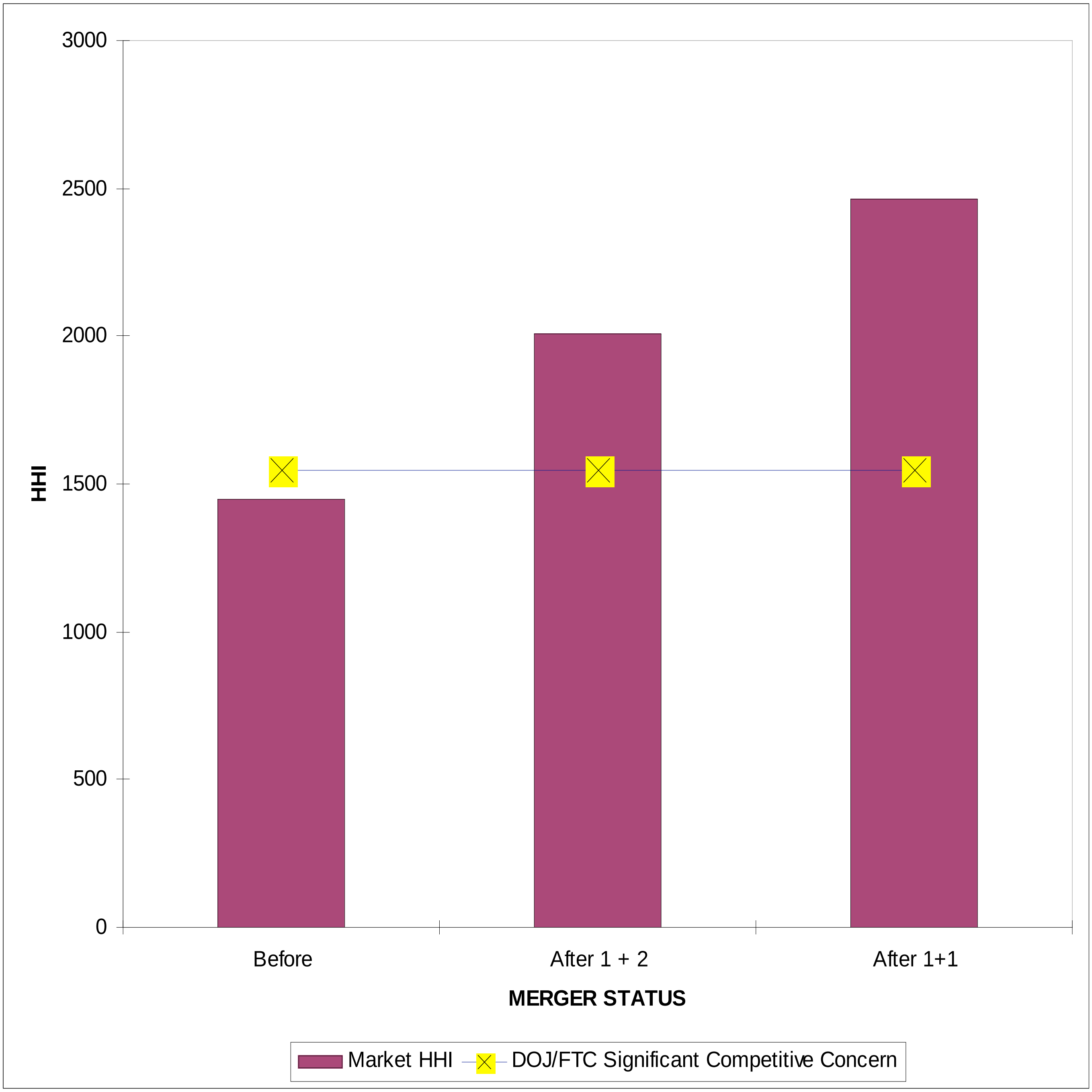
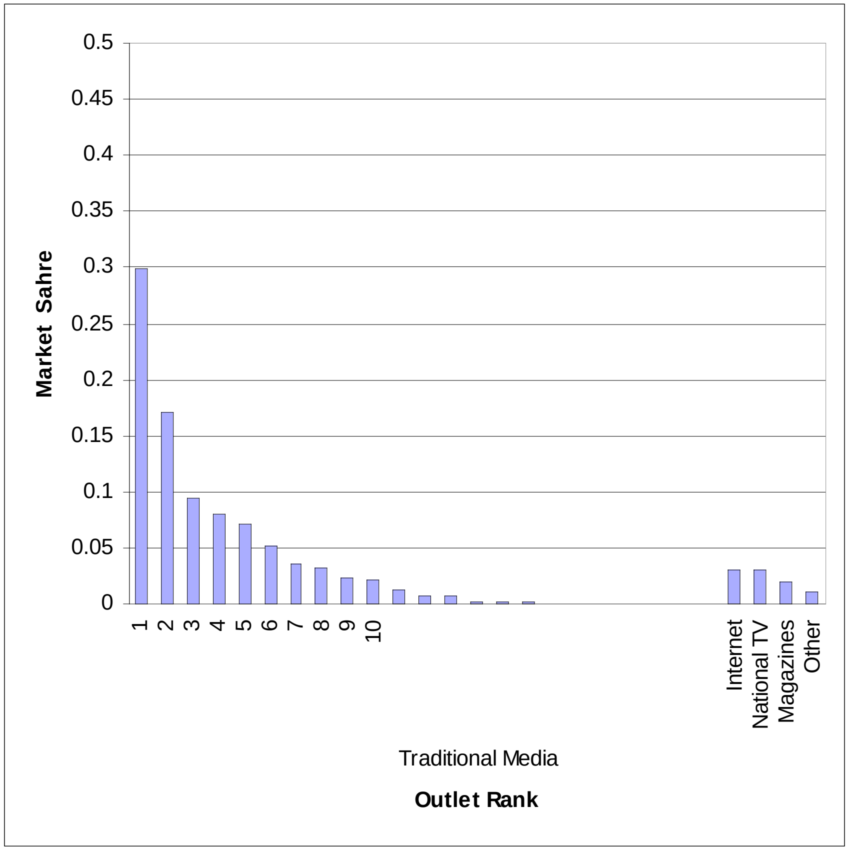


**EXHIBIT 6:**
**EUGENE: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**



**EXHI BIT 7:**
**EUGENE: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

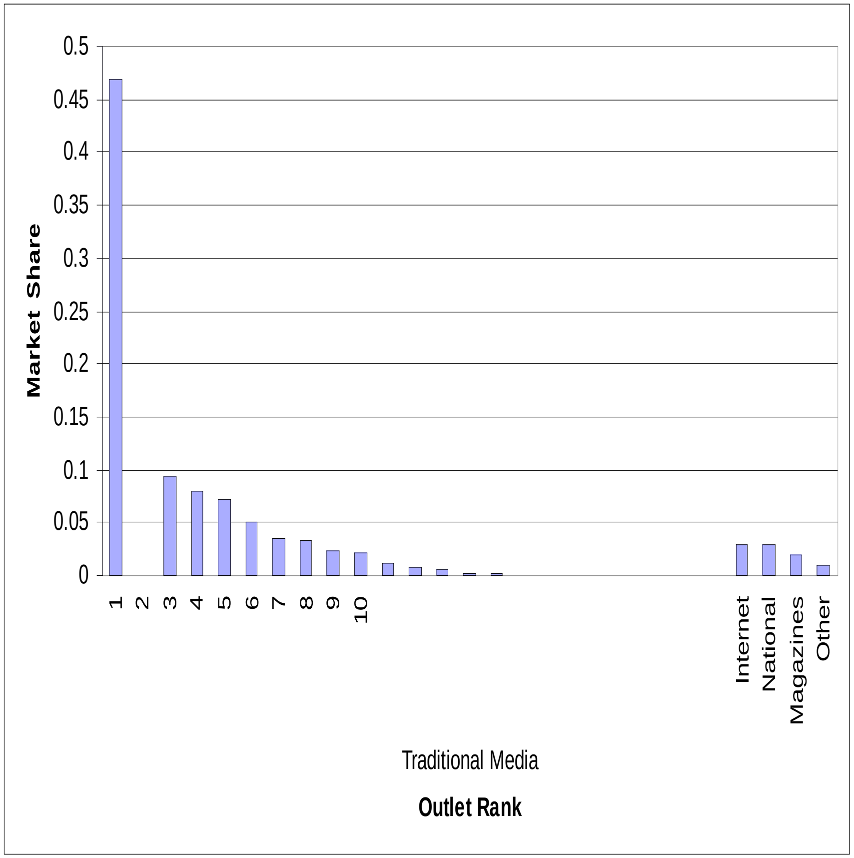


**EXHIBIT 8:**
**MEDFORD: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

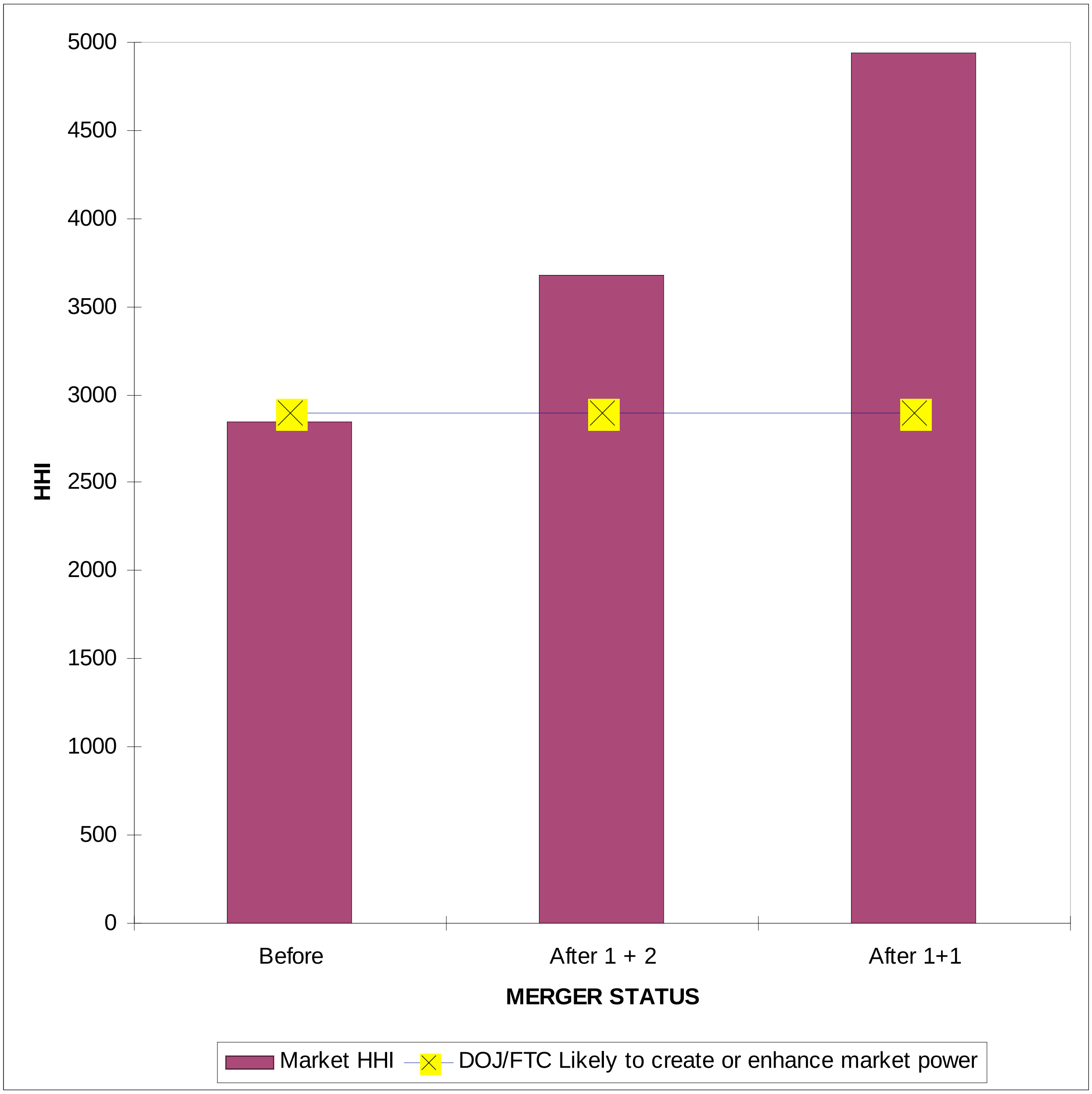
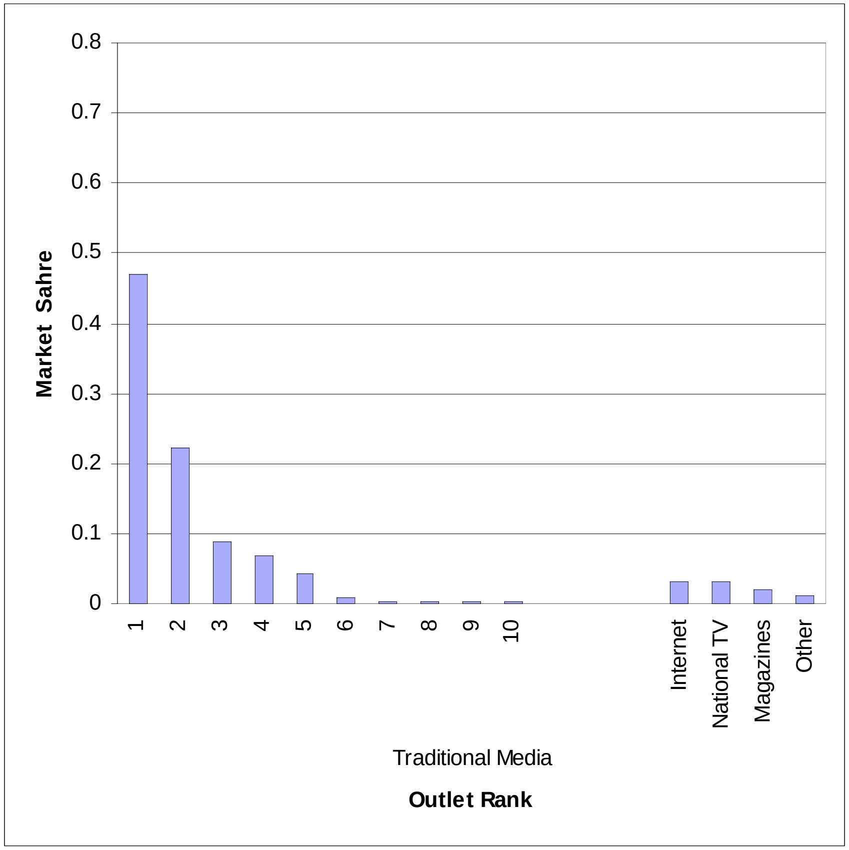
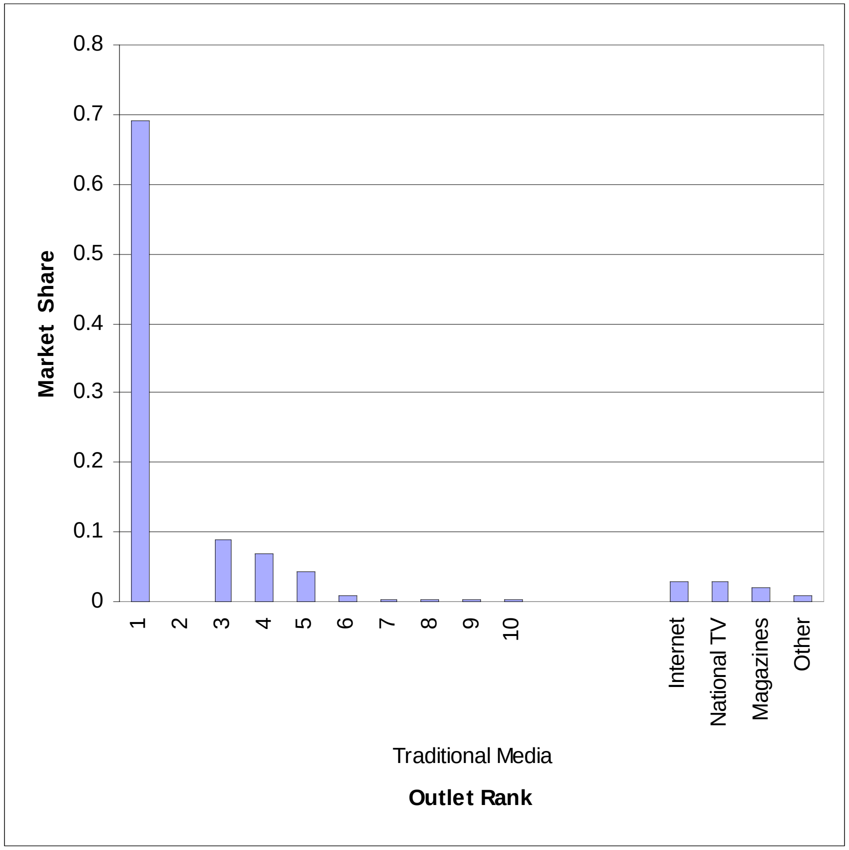


**EXHIBIT 9:**
**MEDFORD: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**



# STUDY 35:
# THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN PENNSYLVANIA

**MARK COOPER**

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, 8 and 10 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 11 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st} + 1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every medium in every city is at least a concentrated, tight oligopoly. Even when we combine all the media in each market, we find that the total media market in Harrisburg, Altoona and Erie are highly concentrated, while Philadelphia is concentrated. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Philadelphia**

**Current Status:** As shown in Exhibit 1, newspapers and radio are highly concentrated, while TV is concentrated and close to the highly concentrated threshold. As shown in Exhibit 2, in each of the individual media markets the largest four firms have a combined market share of 74 percent to 88 percent, making them all tight oligopolies. . When we combine all of the media outlets into a combined media market, we find that the overall market is a concentrated, tight oligopoly.

**Impact of Mergers:** Even in Philadelphia, one of the largest and least concentrated markets in the country, any cross media merger involving the top two newspaper and TV outlets would increase concentration in excess of the DOJ/FTC *Merger Guidelines.* As shown in Exhibits 3 and 4, under both of the scenarios considered, Philadelphia would become a highly concentrated, tight oligopoly, with the HHI rising from about 1250 to the range of 2000-2500, depending on the pattern of mergers. The four firm concentration ratio would increase from 62 percent to 75 percent or more.

As shown in Exhibits 3 and 5, the positions of the leading firms could become quite dominating under the "no questions asked approach" that the FCC took in the rule that the court remanded. The leading firm could go from about a 25 percent of the market to over 40 percent and the second ranked firm could go from about 16 percent to 24 percent. The top two firms would have about two-thirds of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Harrisburg**

**Current Status:** Needless to say, the other, smaller media markets in Pennsylvania are already much more concentrated than Philadelphia and concentration would grow much greater if the rules the FCC proposed were implemented. Most markets would be dominated by one or two firms.

As shown in Exhibit s 1 and 2, every medium and the overall market of all media channels is a highly concentrated, tight oligopoly. The four firm concentration ratios are in the range of 90 percent to 100 percent for each medium and the overall market. The newspaper market is dominated by a single entity.

**Impact of Mergers:** As shown in Exhibits 3 and 6, the Harrisburg market would be severely impacted by cross-media mergers. Every merger between a major TV station and the leading newspaper would violate the *Merger Guidelines* by a wide margin. The HHI would increase by 1,000 to 2,000 points in the scenarios considered.

As Exhibit 7 shows, a merger between the dominant newspaper and the top TV station would create a single entity that would account for over half the market. The market share of the top firm would go from just under 40 percent to over 60 percent. Moreover, because one newspaper dominates that market, the second ranked outlet would be completely dwarfed in the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Altoona**

**Current Status:** As shown in Exhibits 1 and 2, Altoona is highly concentrated in each of the individual media and across the entire media market. Four firm concentration ratios are

100 percent for each medium and the overall market is over 90 percent.  A single firm dominates the newspaper market.

In the major newspaper is the *Altoona Mirror*. The major TV outlets are WTAJ and WJAC.

**Impact of Mergers:** Because of the dominant position of the newspaper and two dominant television stations, any single merger violates the *Guidelines* by a wide margin.  As shown in Exhibits3 and 8, both merger scenarios yield an increase in the HHI of 1500 points.

As shown in Exhibit 9, mergers would result in a market that would be dominated by a single entity with a market share greater than 50 percent.  The number two firm would be half the size of the leading newspaper-TV combination.

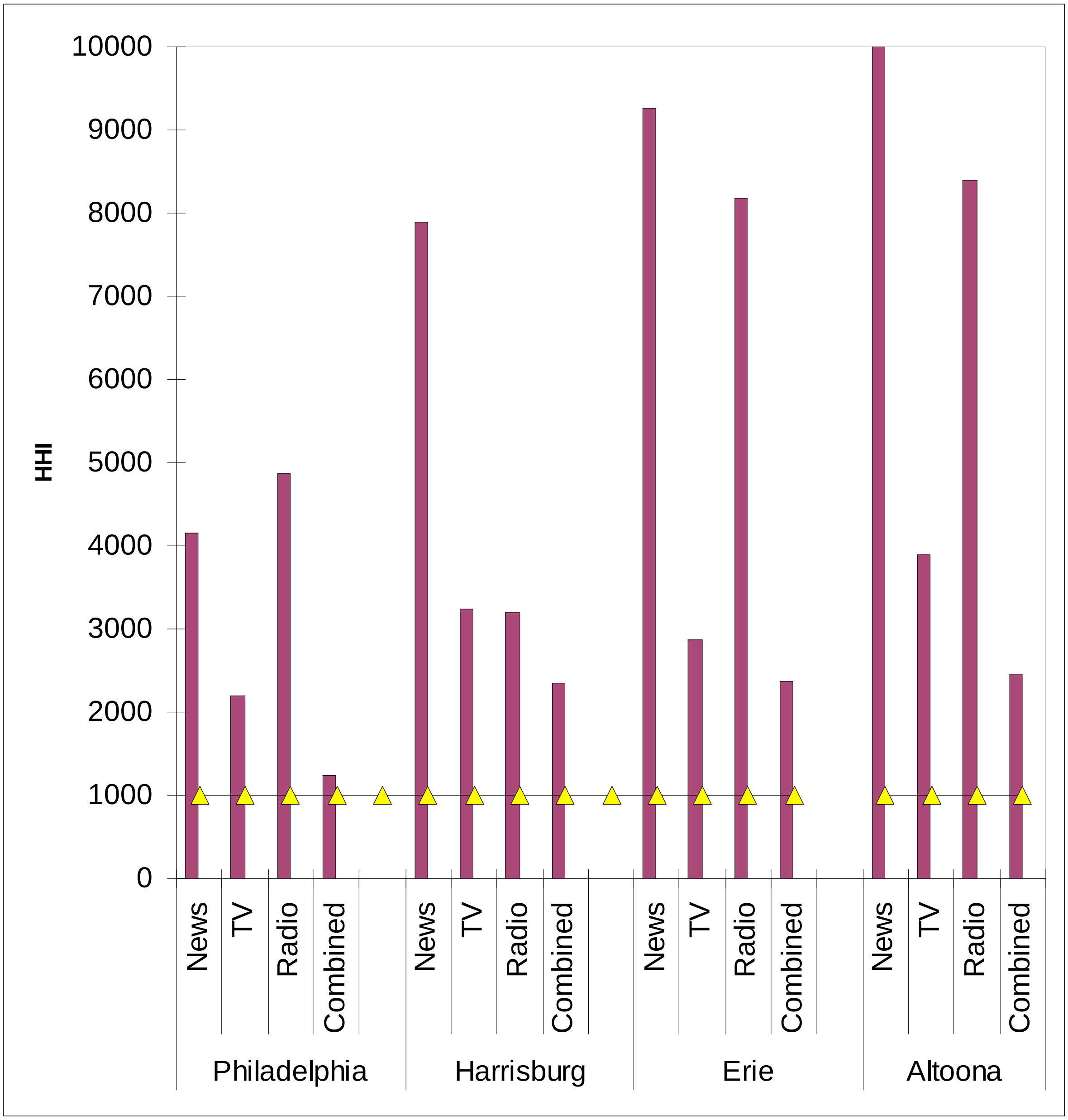
**Erie**

**Current Status:** Erie is a small market, ranking in the third quartile of both Arbitron and Designated Market Areas.  As shown in Exhibits 1 Erie is highly concentrated in each of the individual media and across the entire media market.  As shown in Exhibit 2, four firm concentration ratios are in the range of 80 percent to 100 percent for each medium and the overall market.  A single firm dominates the newspaper market.

**Impact of Mergers:** Because of the dominant position of the newspaper and two dominant television stations, any single merger violates the *Guidelines* by a wide margin.  As shown in Exhibit 3 and 10, both merger scenarios yield an increase in the HHI of 1300 points.

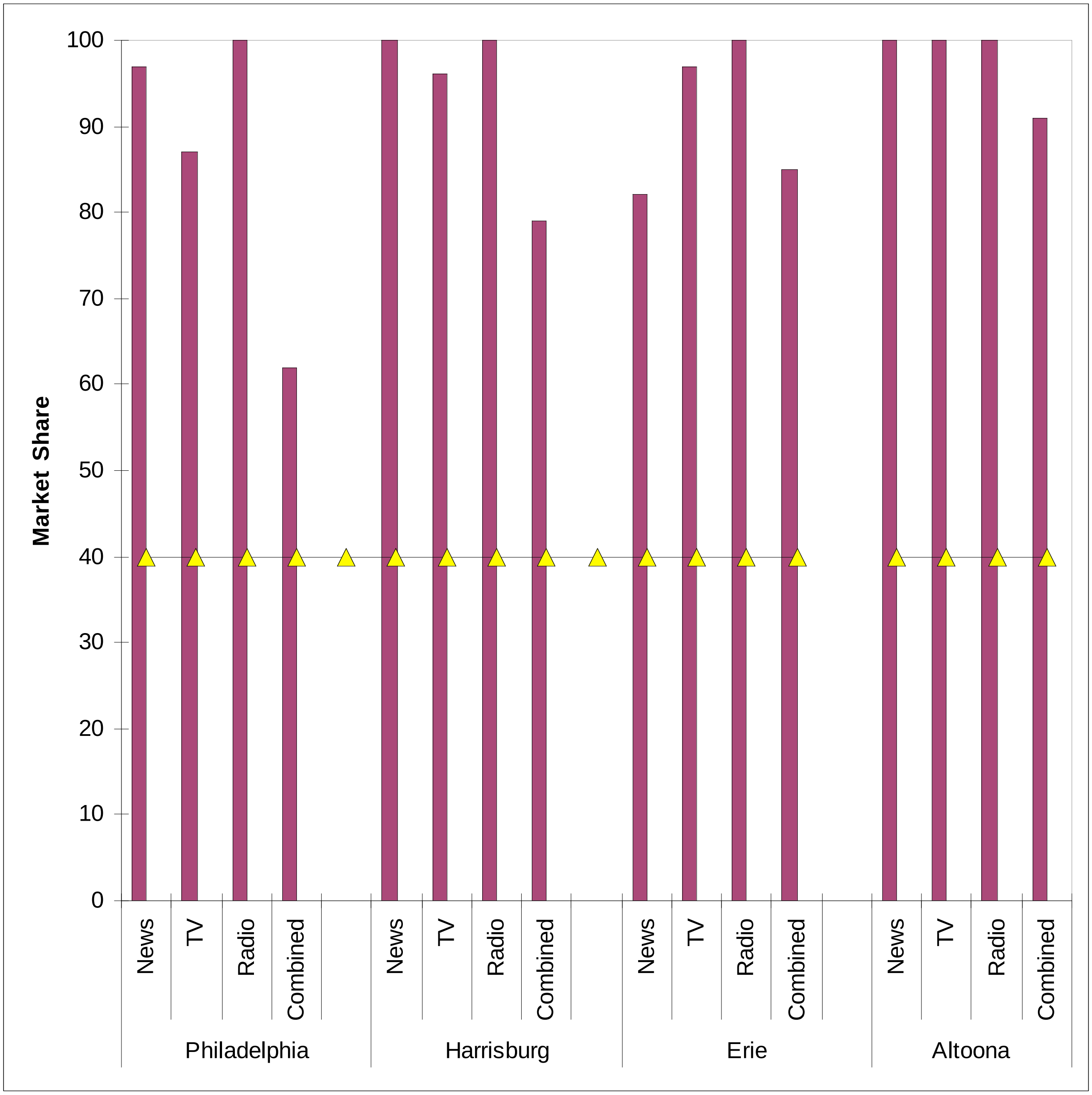
As shown in Exhibit 11, mergers would result in a market that would be dominated by a single entity with a market share greater than 50 percent.  The number two firm would be dwarfed by the leading newspaper-TV combination.

**EXHIBIT 1:**
**PENNSYLVANIA: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ **= Concentrated above 1,000**

**EXHIBIT 2:**
**PENNSYLVANIA: CURRENT MEDIA MARKET STRUCTURE FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

## EXHIBIT 3:
## PENNSYLVANIA: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS

### 1 + 1 Scenario:
### Largest Newspaper Merges with Largest TV Station, etc.

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Shares: Four Firm Before | Four Firm After | Top Firms Before | Top Firms After |
|---|---|---|---|---|---|---|---|---|---|
| Philadelphia | 1245 | 2297 | Highly Concentrated | Violated | Violated | 62% | 79% | 25% | 41% |
| Harrisburg | 2357 | 4246 | Highly concentrated | Violated | Violated | 79% | 89% | 39% | 62% |
| Erie | 2362 | 3743 | Highly concentrated | Violated | NA (one Daily) | 85% | 89% | 36% | 62% |
| Altoona | 2466 | 4305 | Highly concentrated | Violated | Violated | 91% | 91% | 38% | 55% |

### 1 + 2 Scenario:
### Largest Newspaper Merges with Second Largest TV Station, etc.

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Shares: Four Firm Before | Four Firm After | Top Firms Before | Top Firms After |
|---|---|---|---|---|---|---|---|---|---|
| Philadelphia | 1245 | 2082 | Highly Concentrated | Violated | Violated | 62% | 75% | 25% | 34% |
| Harrisburg | 2357 | 3434 | Highly concentrated | Violated | Violated | 79% | 89% | 39% | 50% |
| Erie | 2362 | 3693 | Highly concentrated | Violated | NA (One Daily) | 85% | 89% | 36% | 57% |
| Altoona | 2466 | 4007 | Highly concentrated | Violated | Violated | 91% | 91% | 38% | 54% |

**EXHIBIT 4:**
**PHILADELPHIA: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

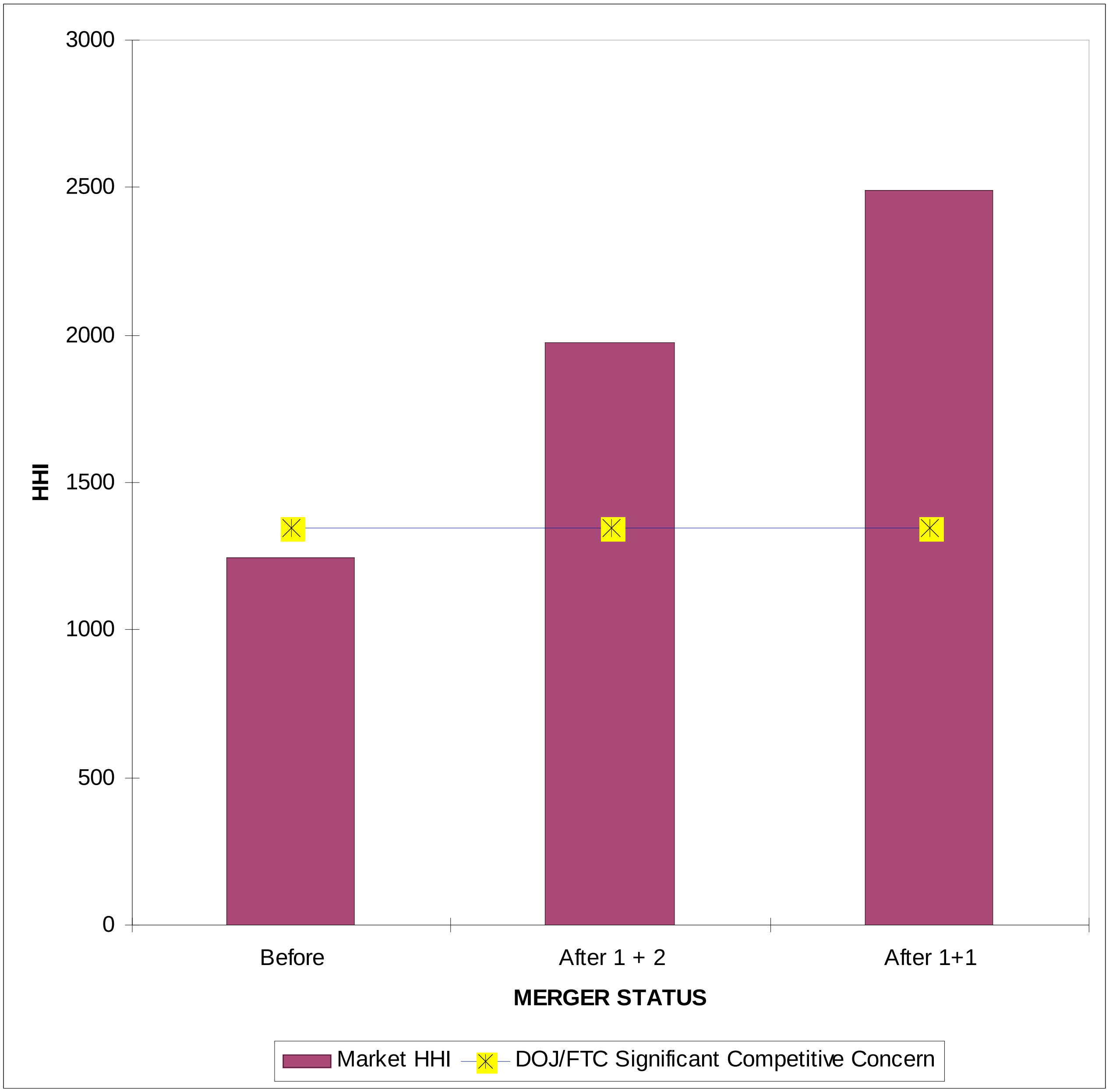
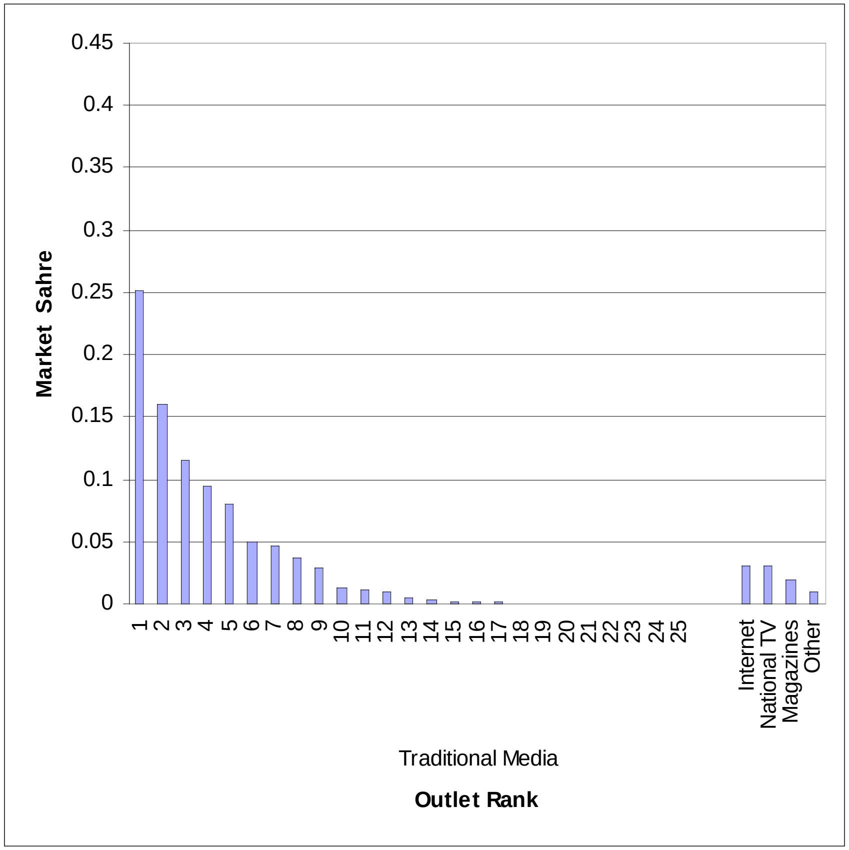


**EXHIBIT 5:**
**PHILADELPHIA: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS**
**(Top 10Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**

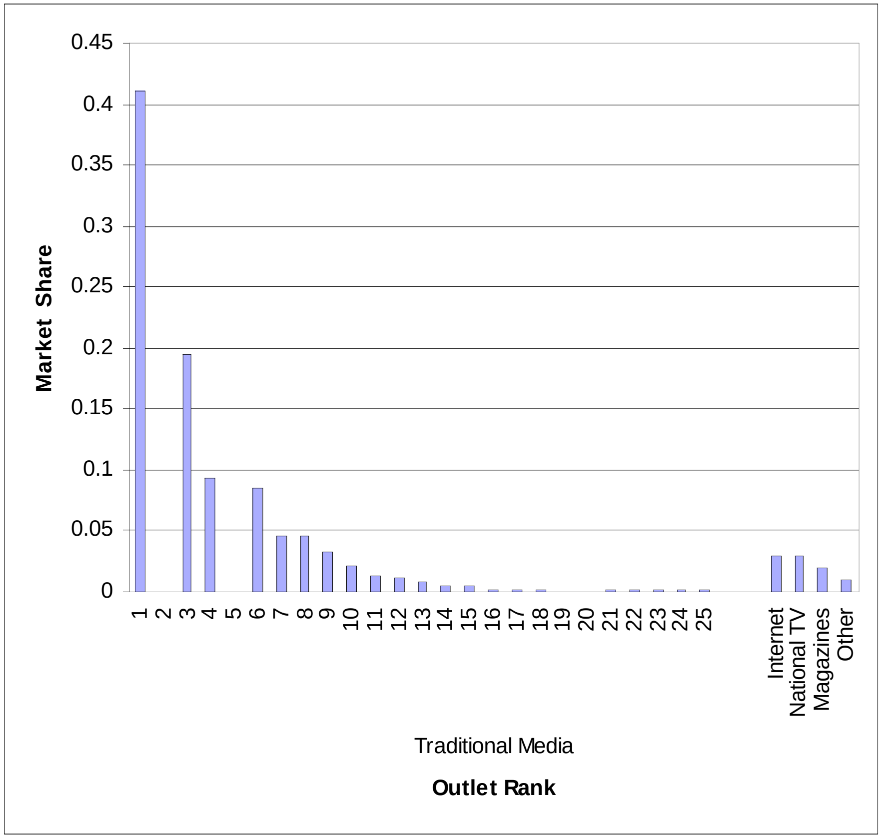


**EXHIBIT 6:
HARRISBURG: IMPACT OF NEWSPAPER/TV MERGERS
CHANGE IN HHI**

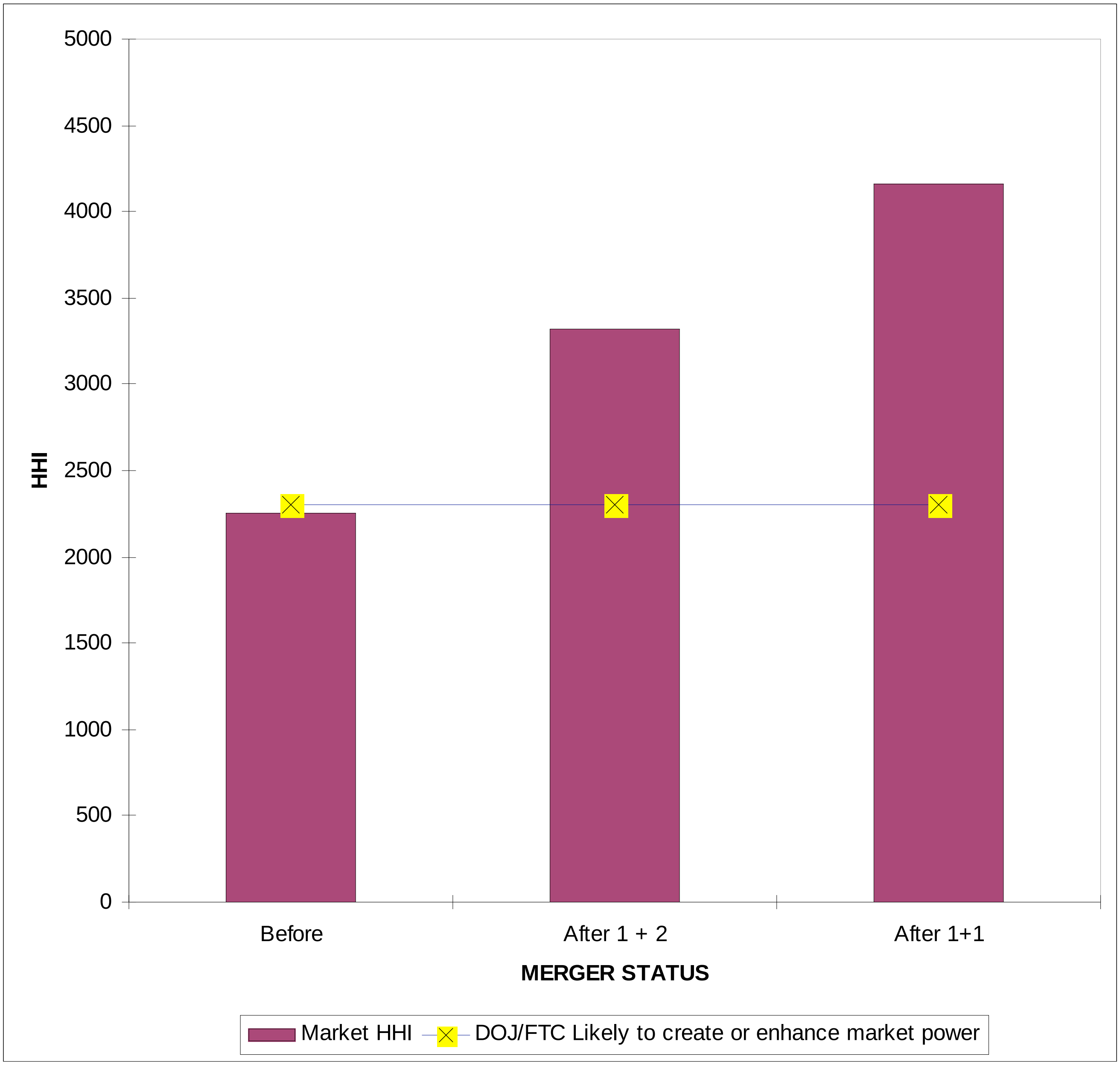
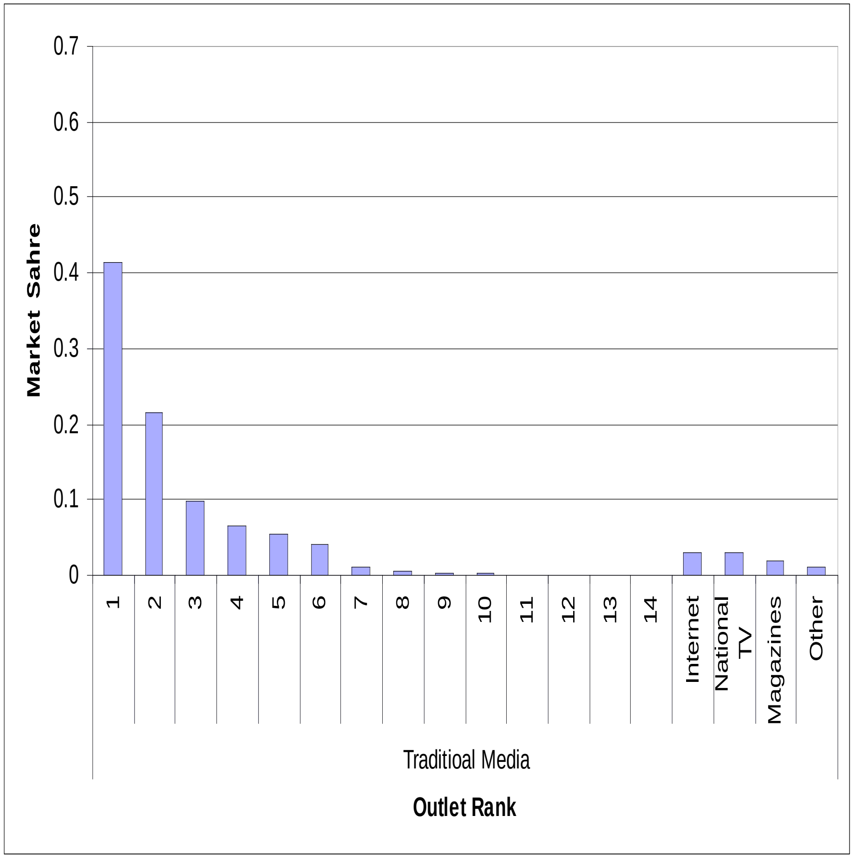


**EXHIBIT 7:**
**HARRIBURG: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

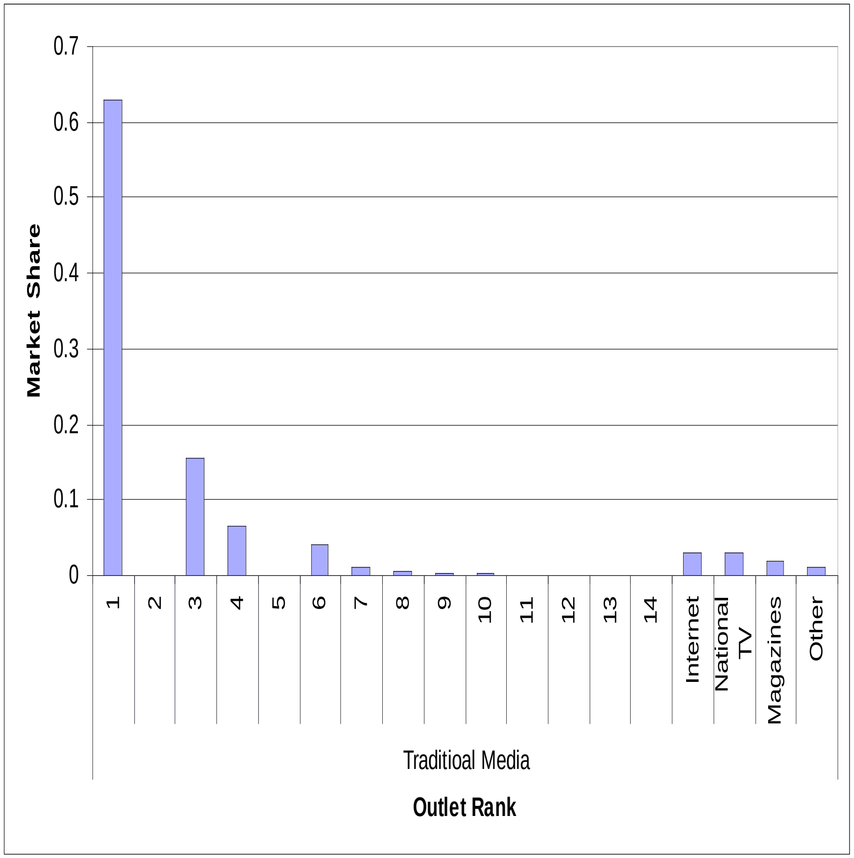


**EXHIBIT 8:**
**ALTOONA: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

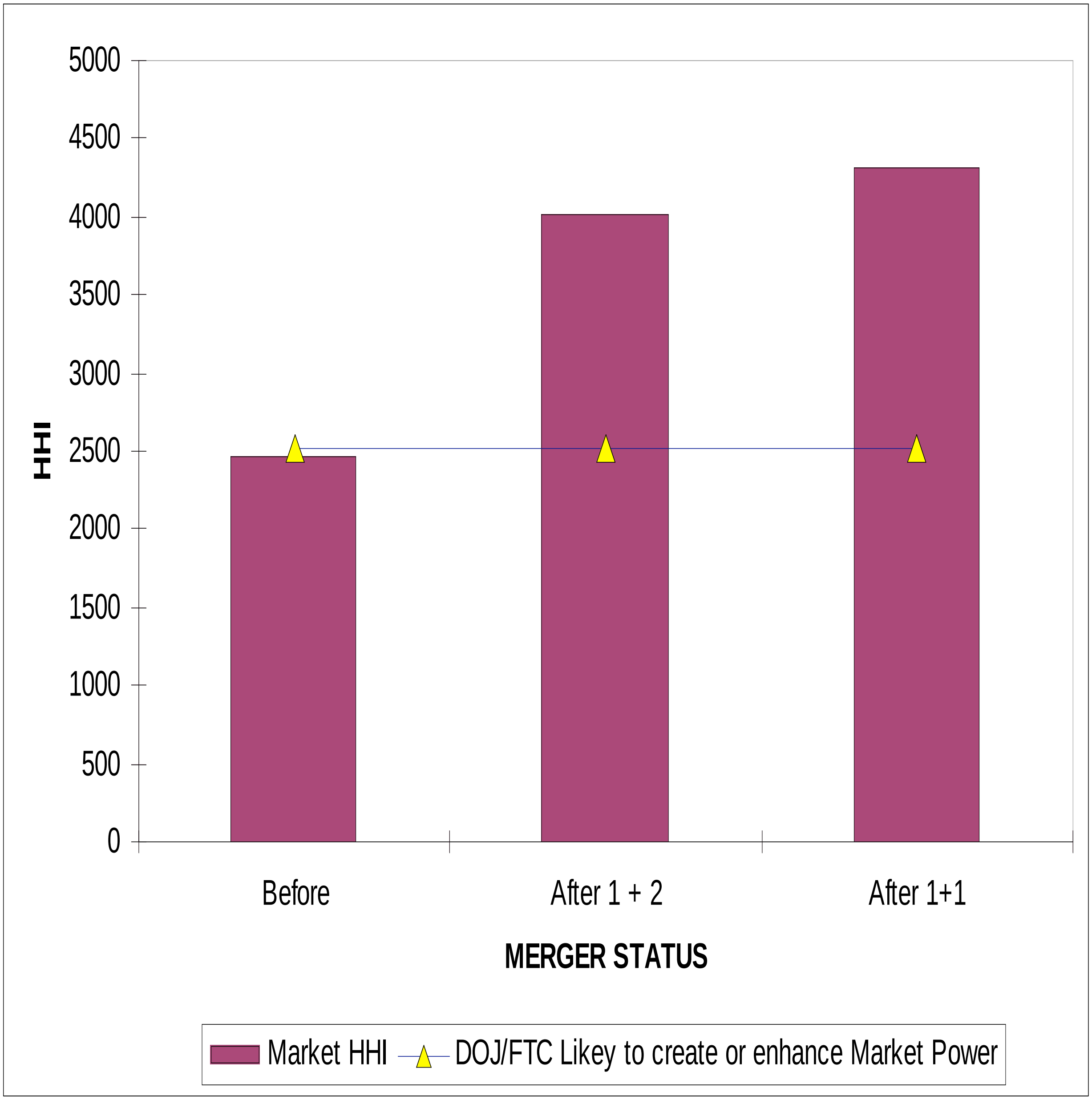
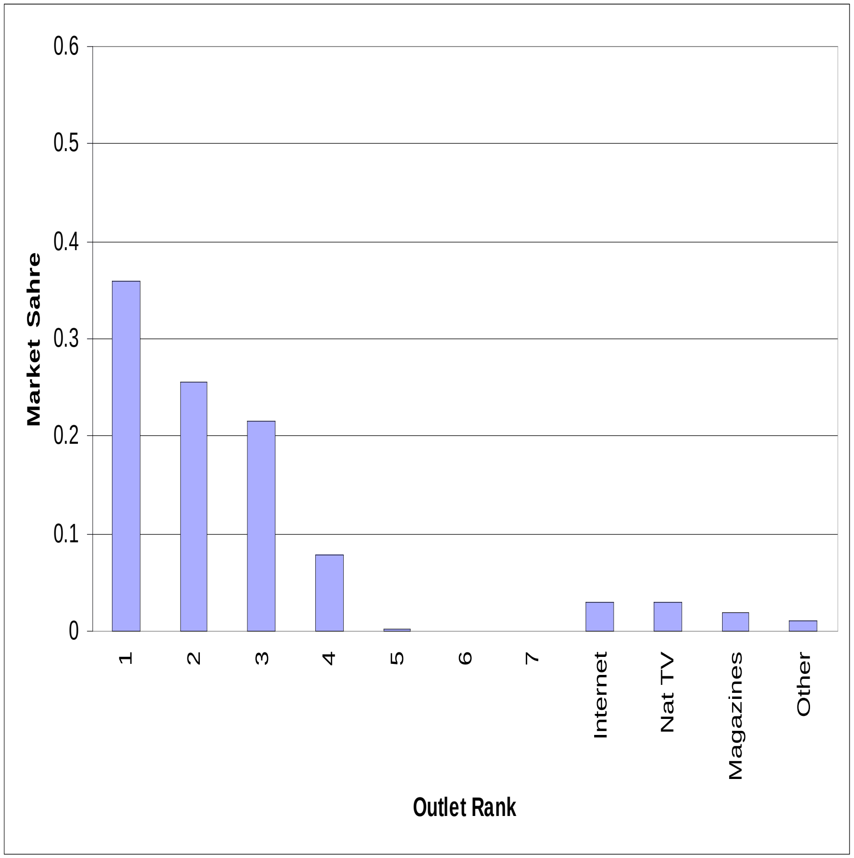


**EXHIBIT 9:**
**ALTOONA: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGER (1st + 1st Scenario)**

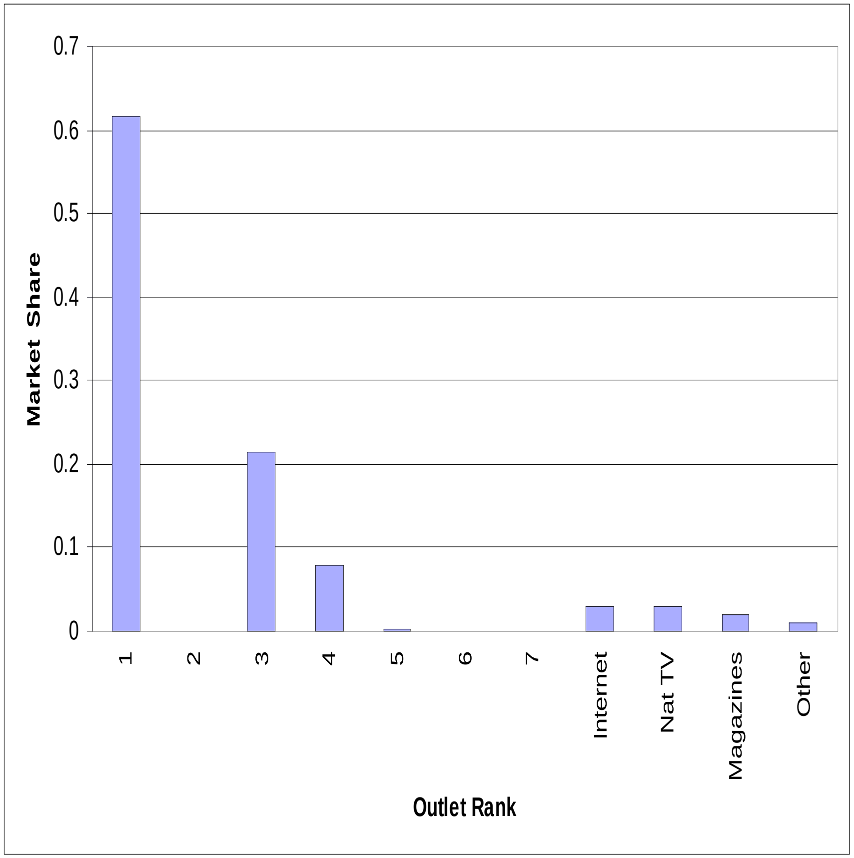


**EXHIBIT 10:**
**ERIE: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

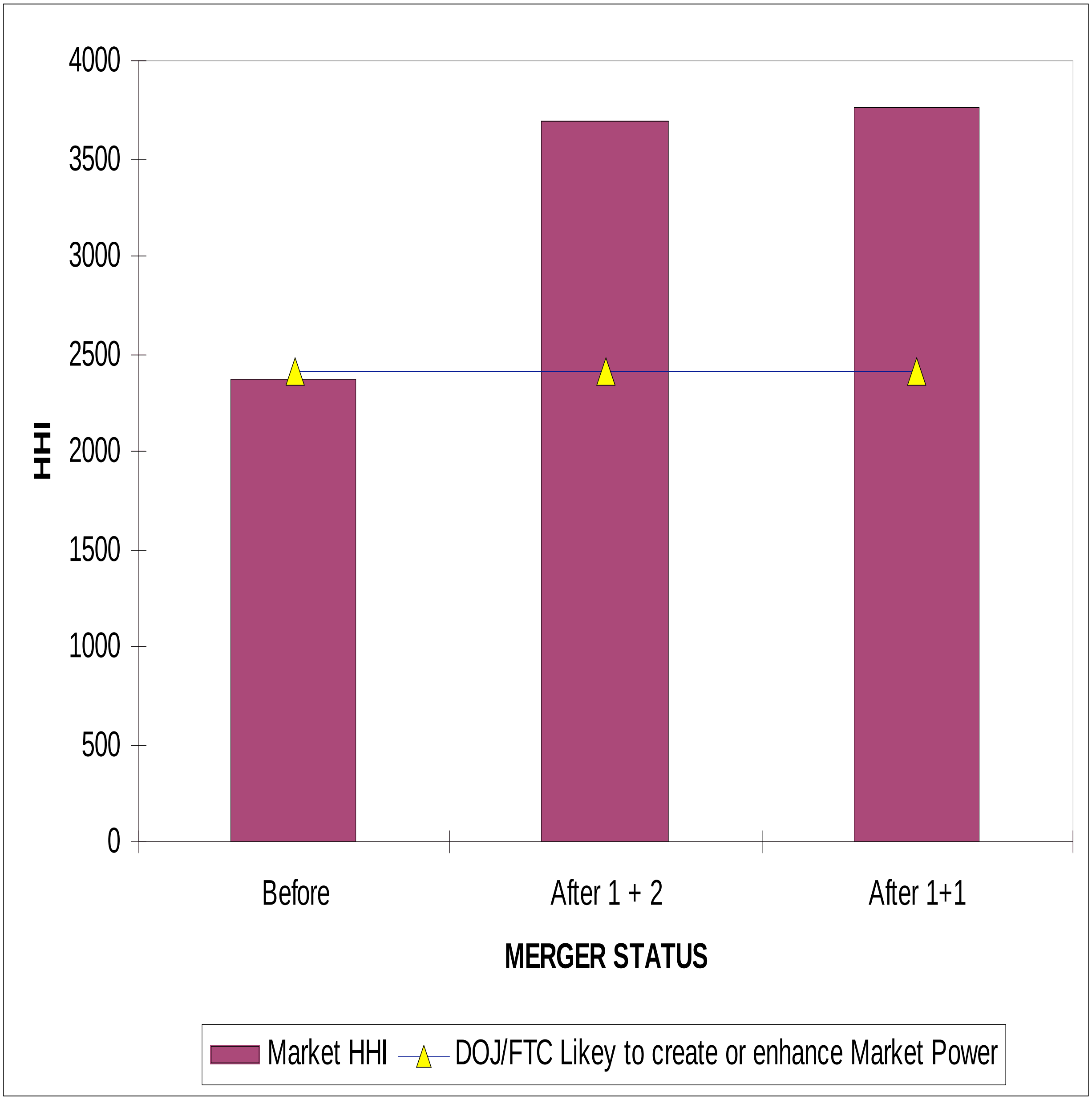
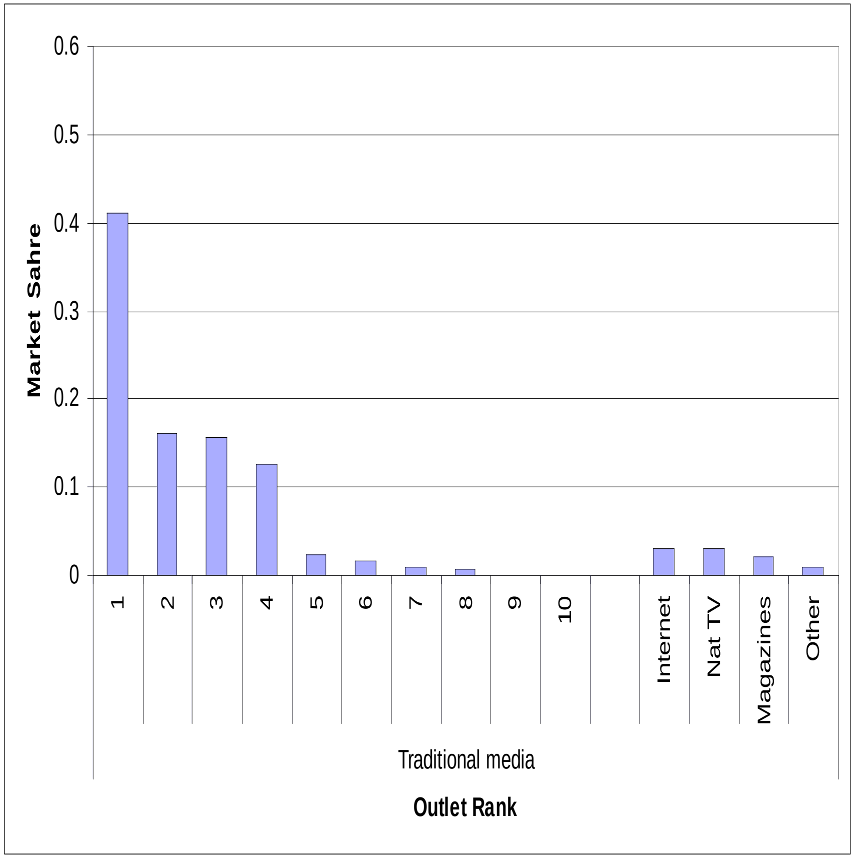
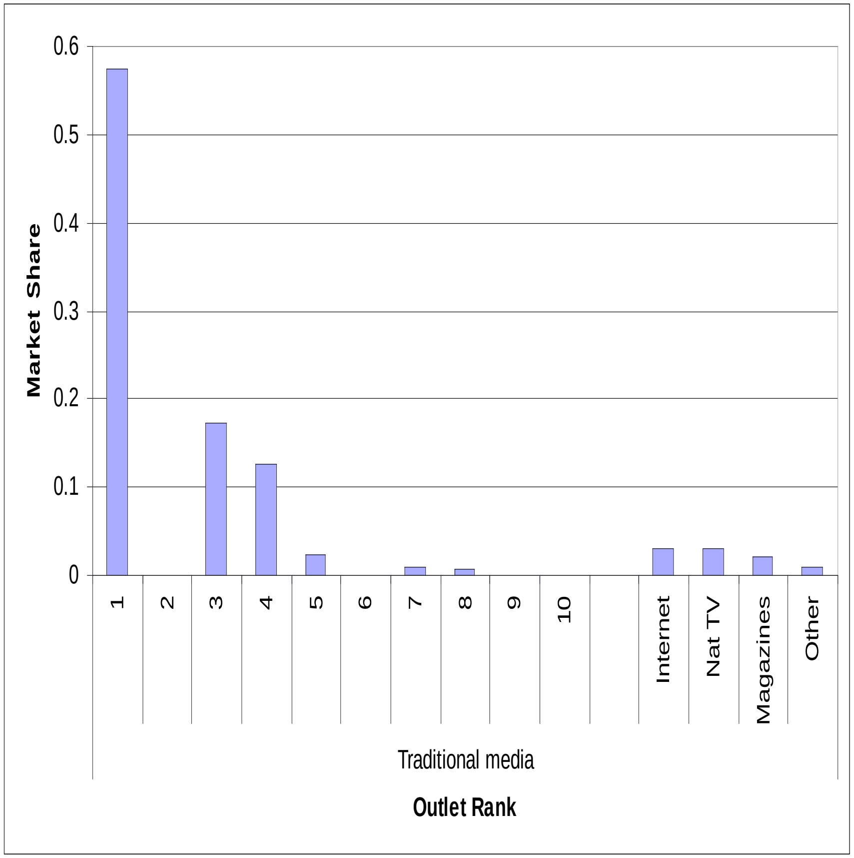


**EXHIBIT 11:**
**ERIE: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS**
**(Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**



# STUDY 36:
# THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN TEXAS

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the $1^{st} + 1^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly, except for the TV market in Dallas, which is concentrated and a tight oligopoly. Even when we combine all the media into an overall media market, we find that the combined media markets in Austin and Abilene are highly concentrated, while Dallas is concentrated. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Dallas**

**Current Status:** As shown in Exhibit 1, the newspaper and radio markets are highly concentrated, while TV is concentrated. Exhibit 2 shows that for each of the individual media the largest four firms have a combined market share of 75 percent to 100 percent, making them all tight oligopolies. When we combine all of the media outlets into an overall media market, we find that the overall market is concentrated and a tight oligopoly.

**Impact of Mergers:** Even in Dallas, one of the largest and least concentrated markets in the country, any cross media merger involving the top two firms would increase concentration in excess of the DOJ/FTC *Merger Guidelines.* As shown in Exhibits 3 and 4, under both of the scenarios considered, Dallas would become a highly concentrated, tight oligopoly, with the HHI rising from just over 1500 to close to 2500. The four firm concentration ratio would increase from 64% to around 80%

As shown in Exhibits 3 and 5, mergers between the dominant firms would cause the leading firm market share to increase substantially, from less than 35 percent to 40 percent. The second firm could grow as well, from just over 10 percent to just under 20 percent. The top two firms would account for around 60 percent of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Austin**

**Current Status:** Needless to say, the other, smaller media markets are already much more concentrated. With newspaper-TV mergers allowed, the concentration would grow much greater. Most markets would be dominated by one or two firms.

As shown in Exhibit 1, in Austin every medium and the overall market of all media channels is a highly concentrated, tight oligopoly. As shown in Exhibit 2, the four firm concentration ratios are in the range of 90 percent to 100 percent for each medium and the overall market. The newspaper market is dominated by a single entity.

**Impact of Mergers:** As shown in Exhibit 3 and 6, the Austin market would be severely impacted by cross-media mergers. Every merger between a major TV station and the leading newspaper would violate the *Merger Guidelines* by a wide margin. The HHI would increase by 1,000 to 2,000 points in the scenarios considered, from just under 2000, to well over 3000.

As Exhibit 7 shows, a merger between the dominant newspaper and the top TV station would create a single entity that would account for over half the market. The market share of the top firm would go from about 40 percent to over 60 percent. Moreover, because one newspaper dominates that market, the second ranked outlet would be completely dwarfed in the market, about one-quarter the size. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Abilene**

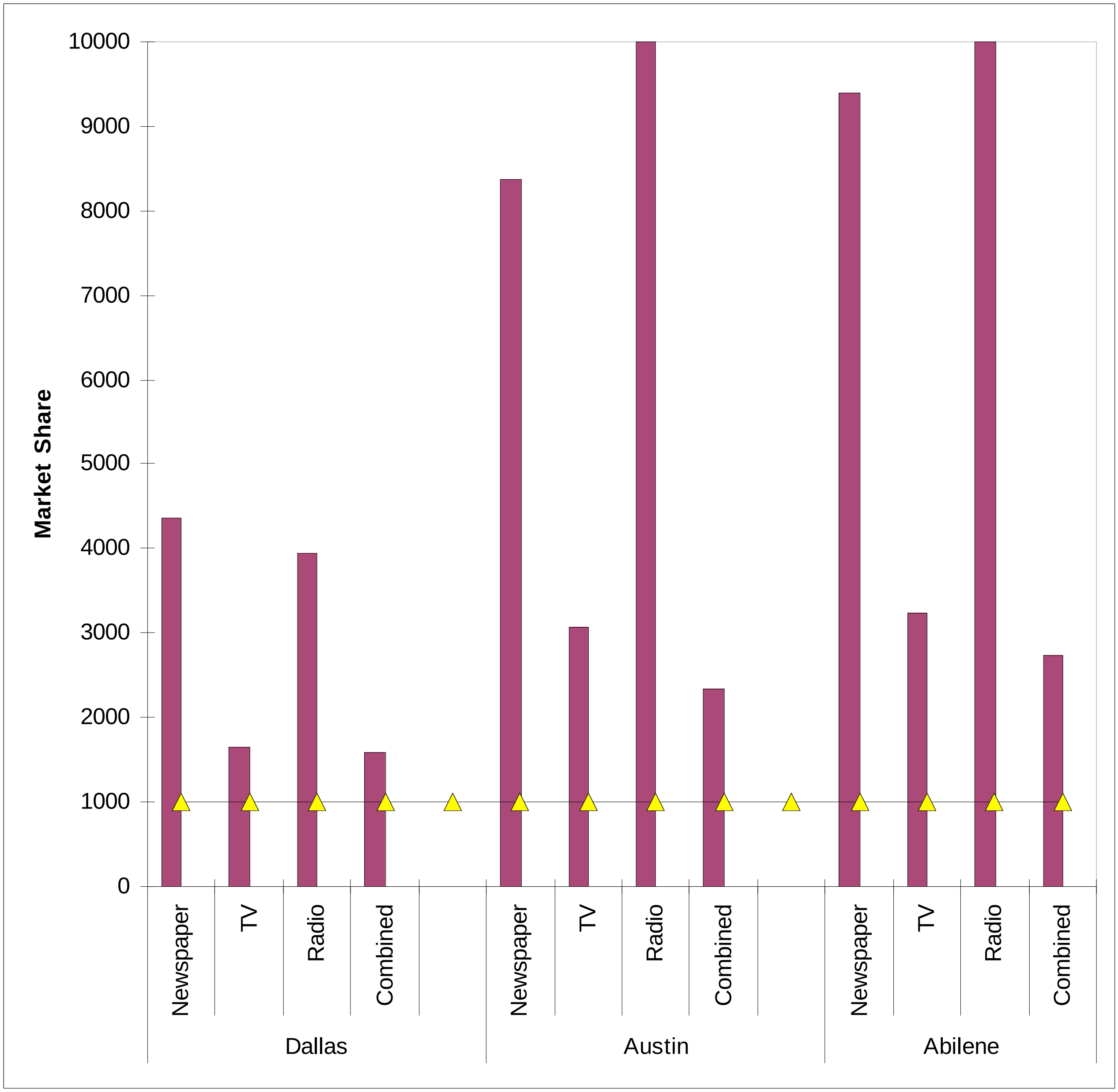
**Current Status:** As shown in Exhibit 1, Abilene is highly concentrated in each of the individual media and across the entire media market. Four firm concentration ratios shown in

Exhibit 2 are in the range of 95 percent to 100 percent for each medium and the overall market. A single firm dominates the newspaper market.

**Impact of Mergers:** Because of the dominant position of the newspaper and two dominant television stations, any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield an increase in the HHI of over 1000 points.

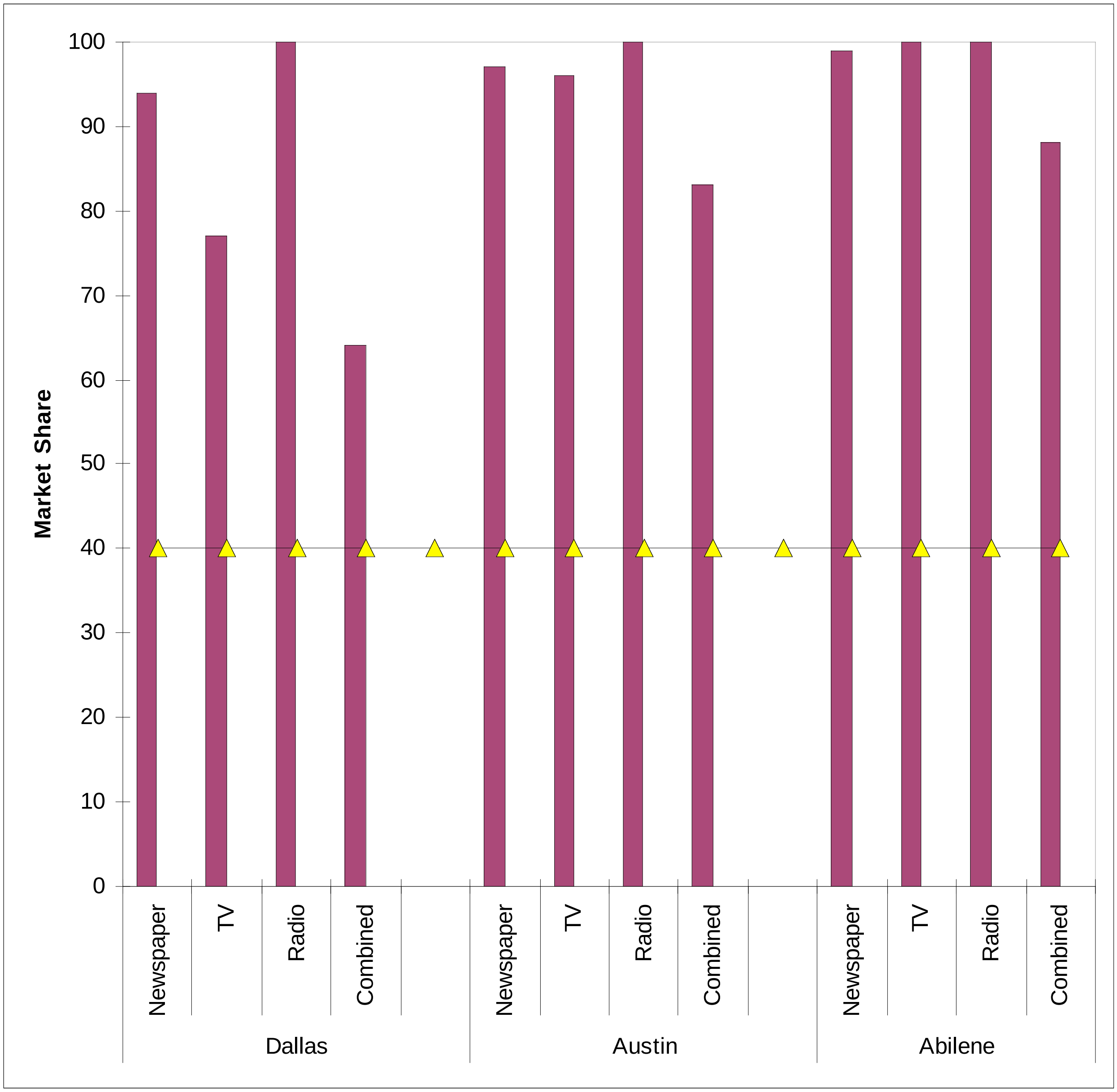
As shown in Exhibit 9, mergers between the dominant firms would result in a market that would be dominated by a single entity with a market share increasing from about 45 percent to about 65 percent. The number two firm would be dwarfed by the leading newspaper-TV combination, less than one-quarter the size.

**EXHIBIT 1:**
**TEXAS: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ = **Concentrated above 1,000**

**EXHIBIT 2:**
**TEXAS: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**TEXAS: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

**1 + 1 Scenario:**
**Largest Newspaper Merges with Largest TV Station, etc.**

| City | Market HHI | | Final Post-Merger | Merger Guidelines Threshold | | Change in Leading Firm Shares | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Before | After | Market Status | 1st Merger | 2nd Merger | Four Firm | | Top Firm | |
| | | | | | | Before | After | Before | After |
| Dallas | 1590 | 2525 | Highly concentrated | Violated | Violated | 64% | 85% | 34% | 43% |
| Austin | 2329 | 4081 | Highly concentrated | Violated | NA (one daily) | 83% | 88% | 40% | 62% |
| Abilene | 2728 | 4988 | Highly concentrated | Violated | NA (one daily) | 88% | 90% | 45% | 65% |

**1 + 2 Scenario:**
**Largest Newspaper Merges with Second Largest TV Station, etc.**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | 1st Merger | 2nd Merger | Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| Dallas | 1590 | 2020 | Highly concentrated | Violated | Violated | 64% | 73% | 34% | 39% |
| Austin | 2329 | 3354 | Highly concentrated | Violated | NA (one daily) | 83% | 87% | 40% | 53% |
| Abilene | 2728 | 4026 | Highly concentrated | Violated | NA (one daily) | 88% | 90% | 45% | 60% |

**EXHIBIT 4:**
**DALLAS: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**
**(Cumulative Effect of All Mergers)**

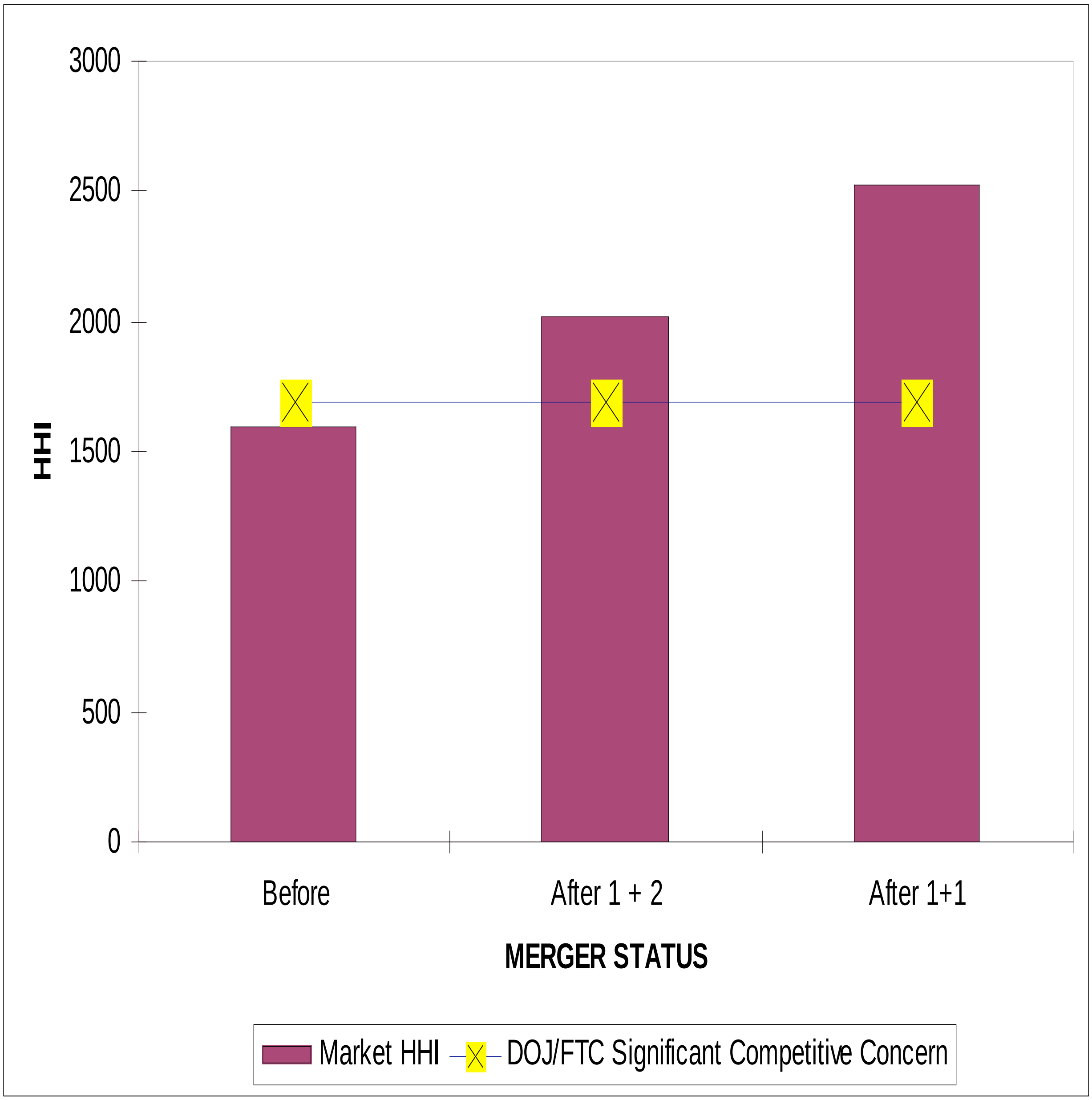
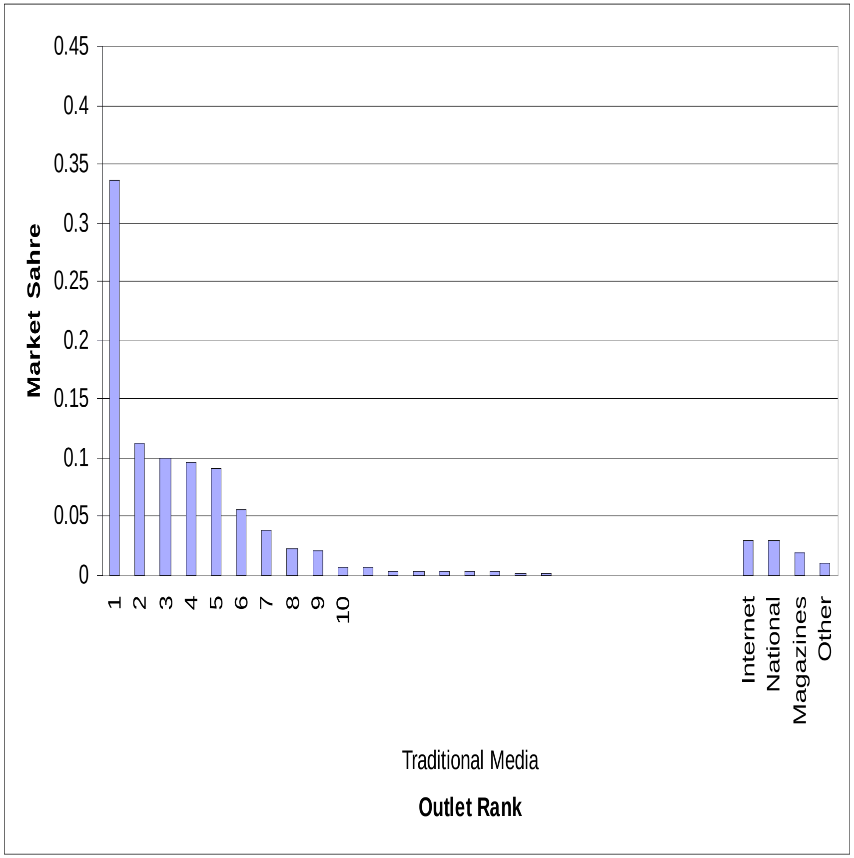


**EXHIBIT 5:**
**DALLAS: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

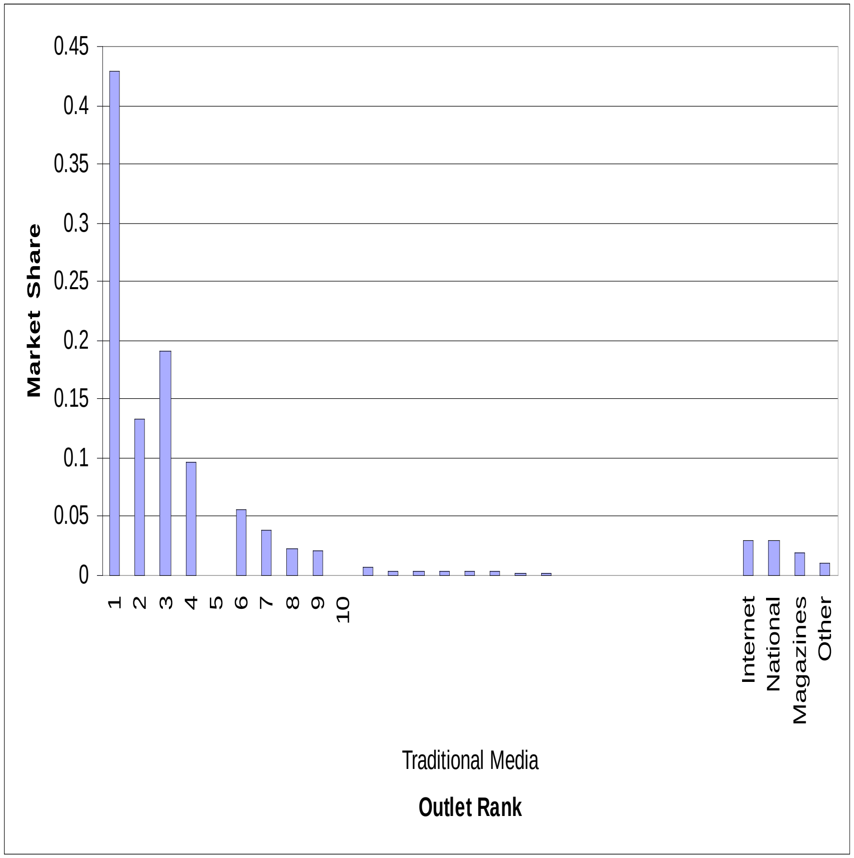
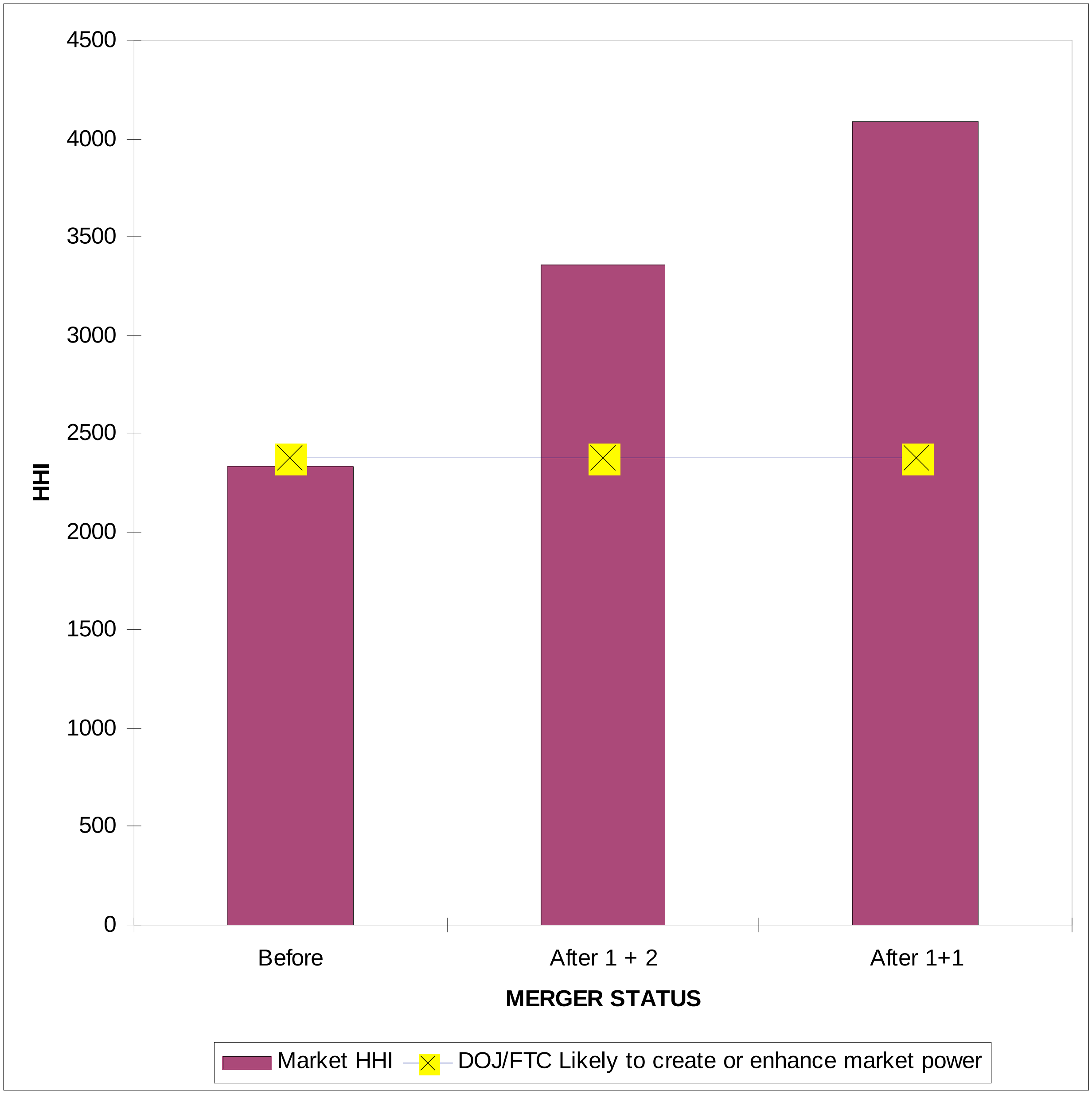


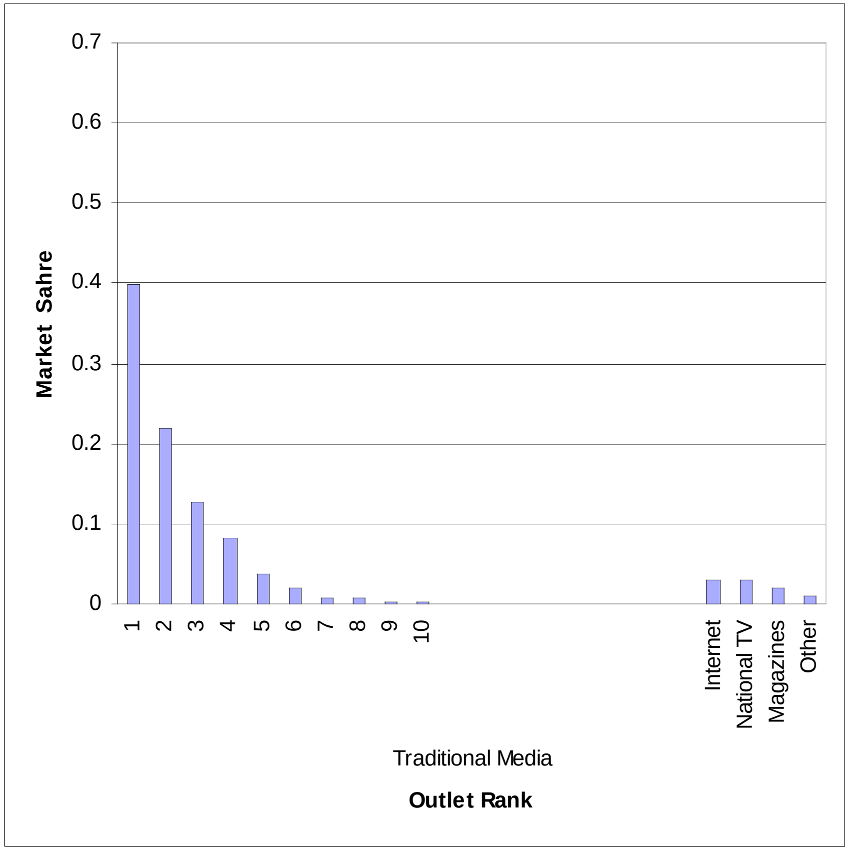
**EXHIBIT 6:**
**AUSTIN: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

**(Cumulative Effect of All Mergers)**



## EXHIBIT 7:
## AUSTIN: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

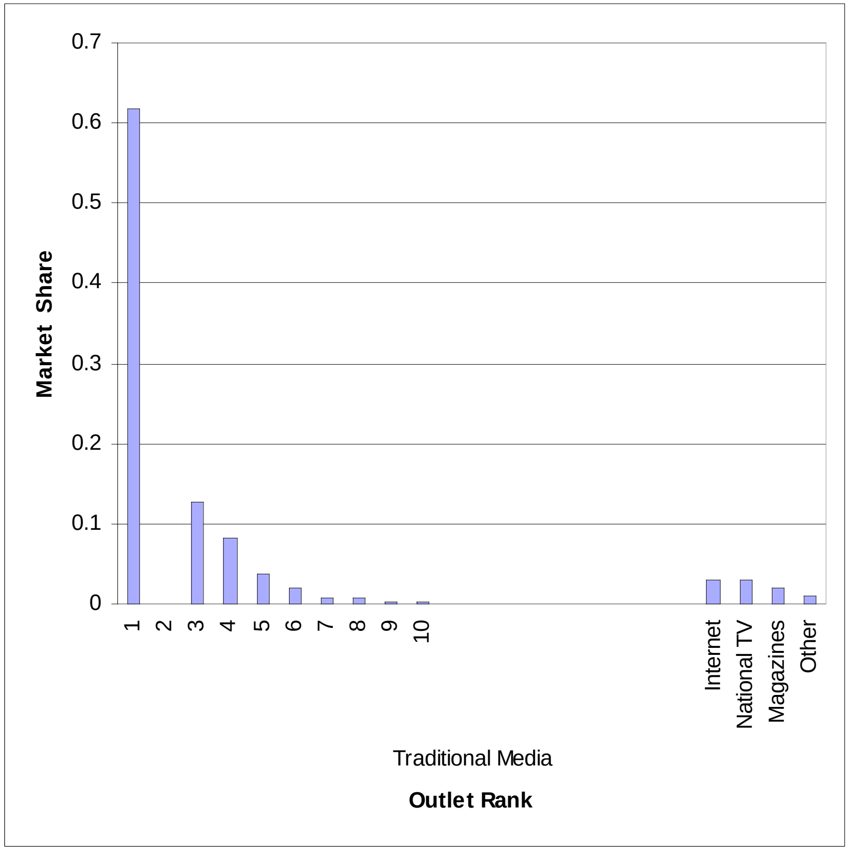


**EXHIBIT 8:**
**ABILENE: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**
**(Cumulative Effect of All Mergers)**

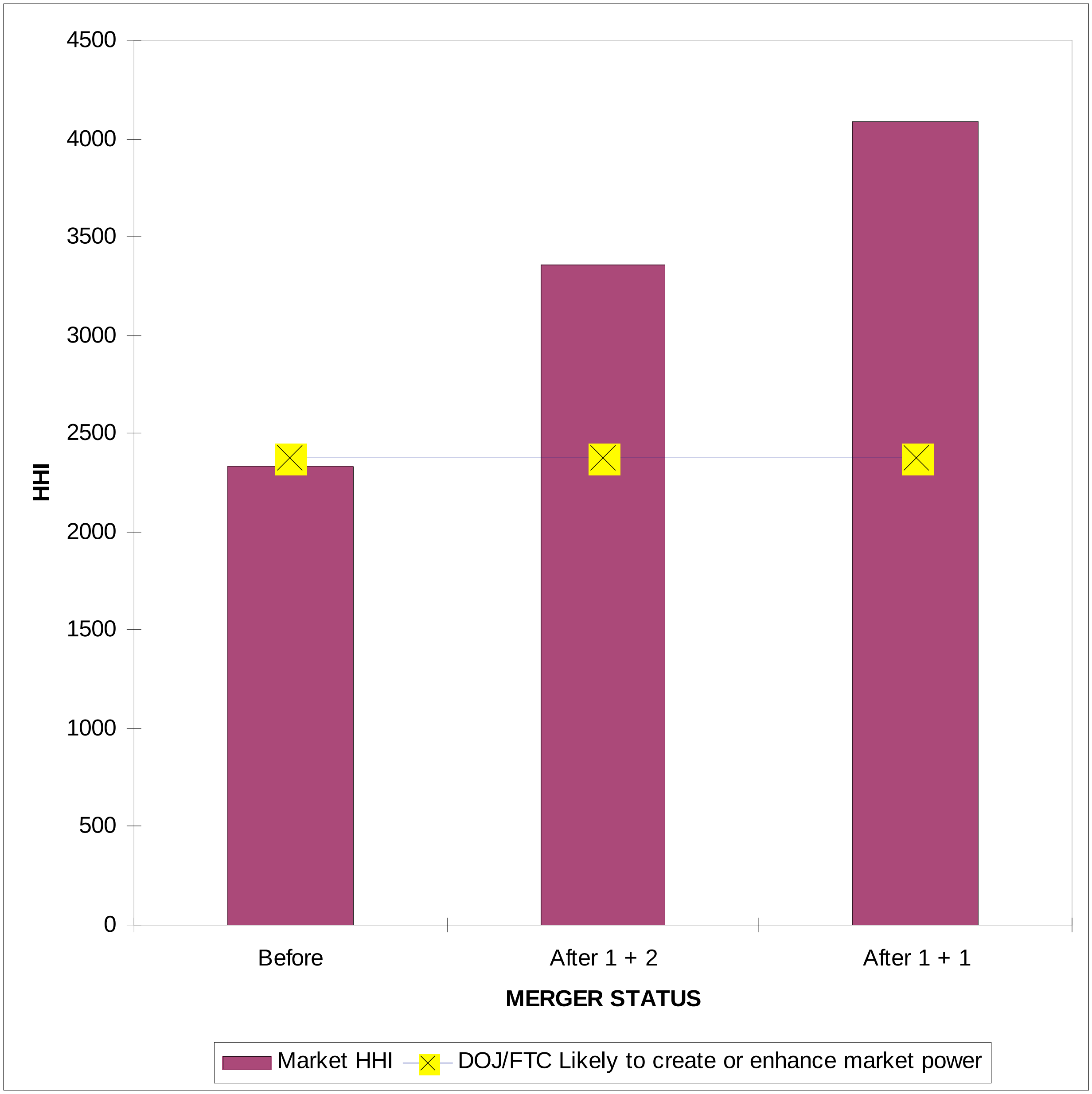
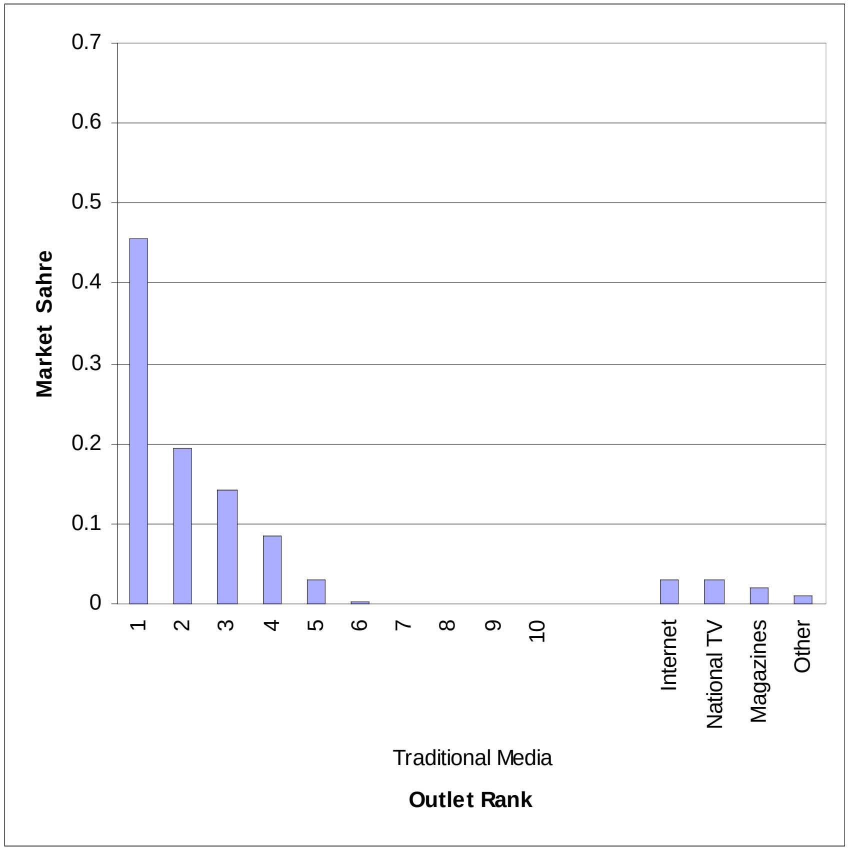
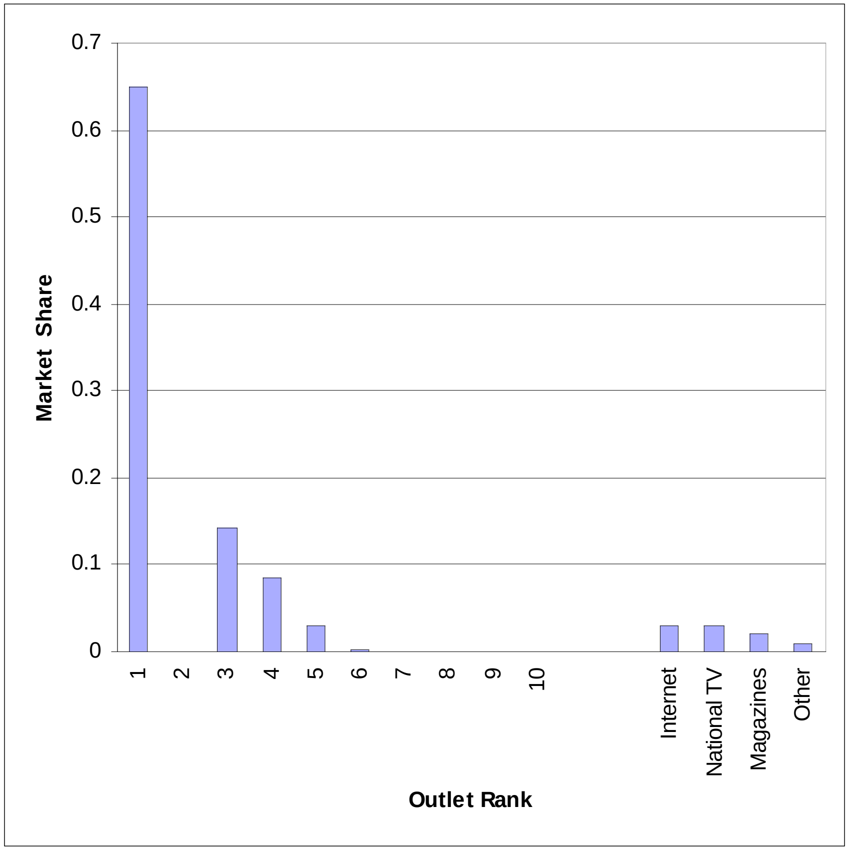


**EXHIBIT 9:**
**ABILIENE: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS ($1^{st}$ +$1^{st}$ Scenario)**



# STUDY 37:
# THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN VIRGINIA

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four firm concentration ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graphs that presents the pre- and post-merger market shares of the top ten firms in the market for the 1$^{st}$ + 1$^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are highly concentrated, tight oligopolies. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC

*Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Northern Virginia/DC (NOVA)**

**Current Status:** As shown in Exhibit 1, the HHI for each media outlet and the combined media market indicate highly concentrated markets. Exhibit 2 shows the largest four firms have a combined market share of 80 percent to 100 percent, making them all tight oligopolies.

**Impact of Mergers:** As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2000 to around 3000.

As shown in Exhibits 3 and 5, the leading firm's market share would rise from about 40 percent to over 50 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, with a market share of about 15 percent. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Richmond**

**Current Status:** Needless to say, the other, smaller media markets are already much more concentrated. With newspaper-TV mergers allowed, the concentration would grow much greater. Most markets would be dominated by one or two firms.

As shown in Exhibit 1, every medium and the overall market of all media channels is a highly concentrated, tight oligopoly. The four firm concentration ratios shown in Exhibit 2 are in the range of 80 percent to 100 percent for each medium and the overall market. The newspaper market is dominated by a single entity.

**Impact of Mergers:** As shown in Exhibits 3 and 5, the market would be severely impacted by cross-media mergers. Every merger between a major TV station and the leading newspaper would violate the *Merger Guidelines* by a wide margin. A union between the dominant TV outlet and the dominant newspaper would raise the HHI from over 2000 to well over 3000.

As Exhibit 7 shows, a merger between the dominant newspaper and the top TV station would create a single entity that would account for almost 60 percent of the market. The second ranked outlet would be dwarfed by the dominant firm, being less than one-fifth the size.

**Norfolk**

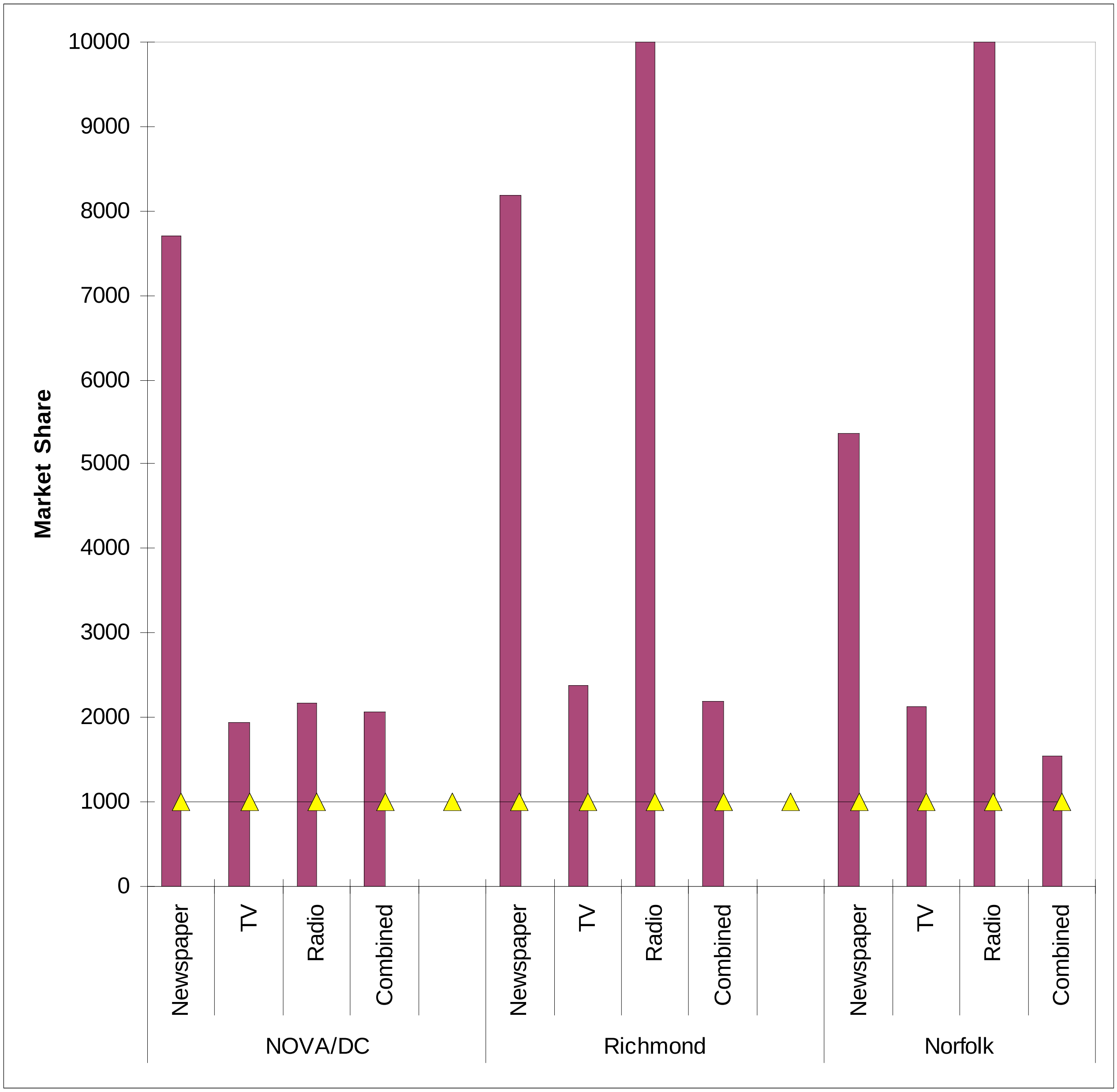
**Current Status:** As shown in Exhibit 1, the individual media markets are highly concentrated, while the combined market is concentrated. Four firm concentration ratios in Exhibit 2 are in the range of 85 percent to 100 percent for the individual media and just below 80 percent for the combined market. A single firm dominates the newspaper market.

**Impact of Mergers:** Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibit 3 and 8, both merger scenarios yield an increase in the HHI of over 1000 points and drive the market well above the highly concentrated threshold.

As shown in Exhibit 9, mergers would result in a market that would be dominated two firms. The largest firm market share would rise from 30 percent to almost 45 percent. The share of the top two firms could rise from just under 50 percent to almost 70 percent.

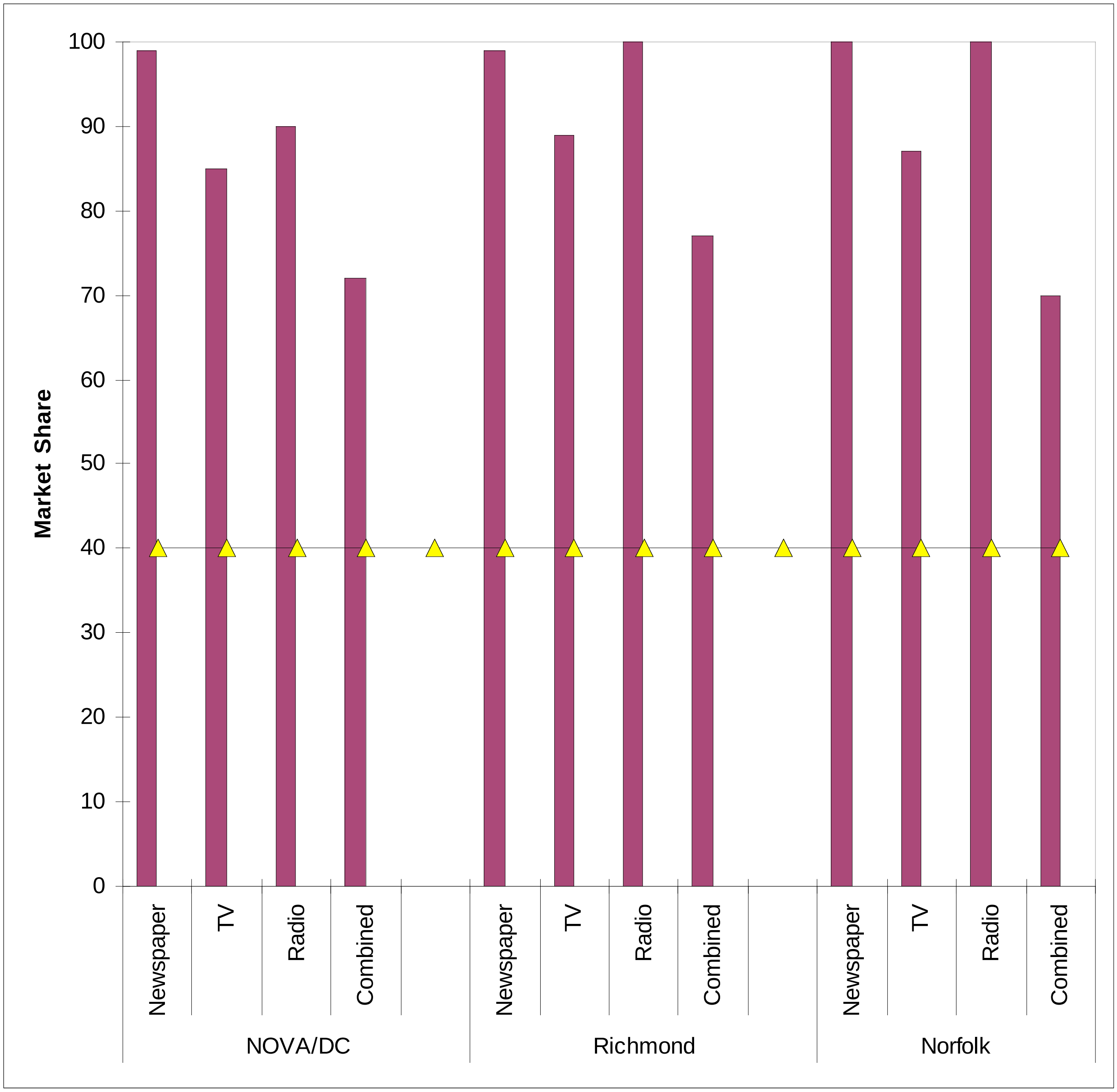
**EXHIBIT 1:**
**VIRGINIA: CURRENT MEDIA MARKET STRUCTURE**

**DOJ/FTC MERGER GUIDELINES HHI**




△ **= Concentrated above 1,000**

**EXHIBIT 2:**
**VIRGINIA: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

## EXHIBIT 3:
## VIRGINIA: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS

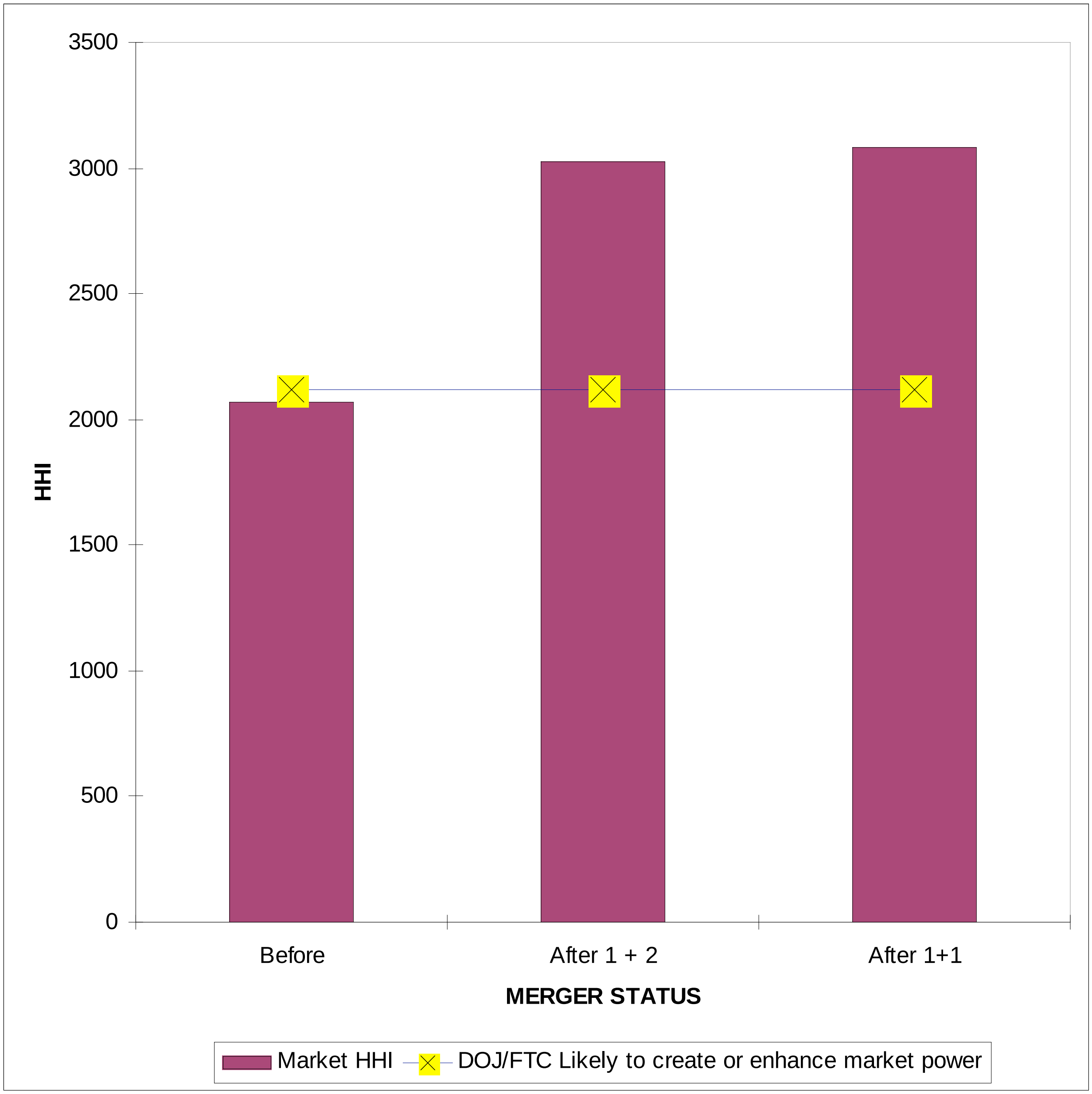
### 1 + 1 Scenario:
### Largest Newspaper Merges with Largest TV Station, etc.

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Shares Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| Northern VA/ District of Columbia | 2068 | 3054 | Concentrated | Violated | Violated | 72% | 84% | 47% | 52% |
| Richmond | 2200 | 3563 | Highly concentrated | Violated | Violated | 77% | 84% | 41% | 57% |
| Norfolk | 1541 | 2721 | Highly concentrated | Violated | NA (one daily) | 70% | 84% | 30% | 44% |

### 1 + 2 Scenario:
### Largest Newspaper Merges with Second Largest TV Station, etc.

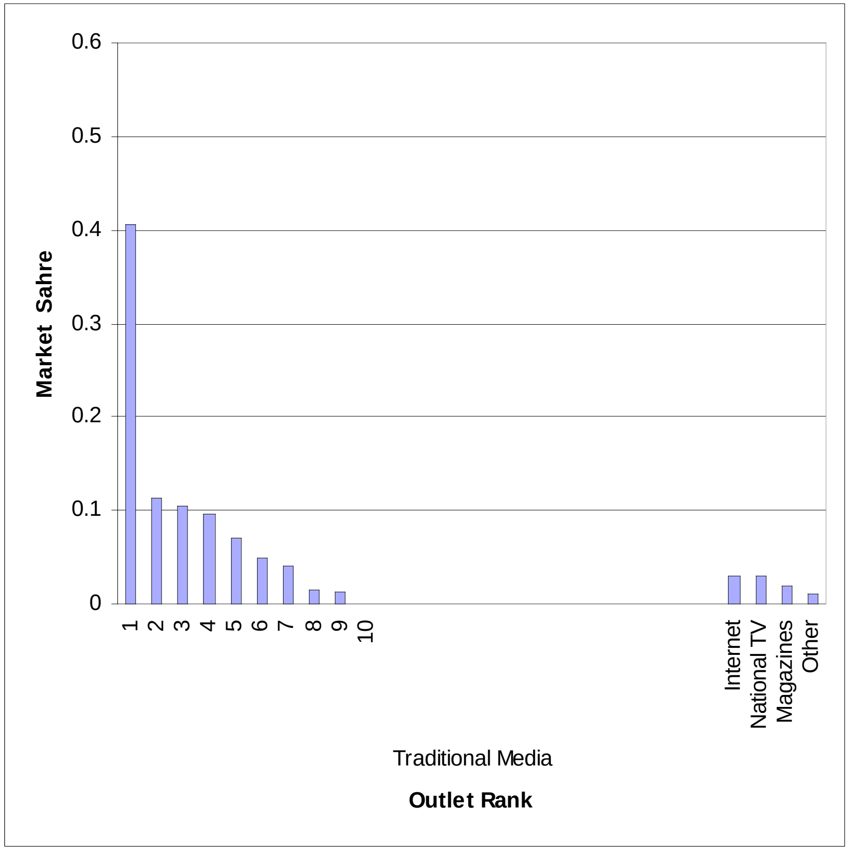
| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Shares Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| Northern VA District of Columbia | 2068 | 3022 | Concentrated | Violated | Violated | 70% | 84% | 47% | 51% |
| Richmond | 2068 | 3054 | Highly concentrated | Violated | Na (one daily) | 77% | 84% | 41% | 52% |
| Norfolk | 1541 | 2660 | Highly concentrated | Violated | NA (one daily) | 70% | 84% | 30% | 42% |

**EXHIBIT 4:**
**NOVA/DC: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**



## EXHIBIT 5:
## NOVA/DC: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

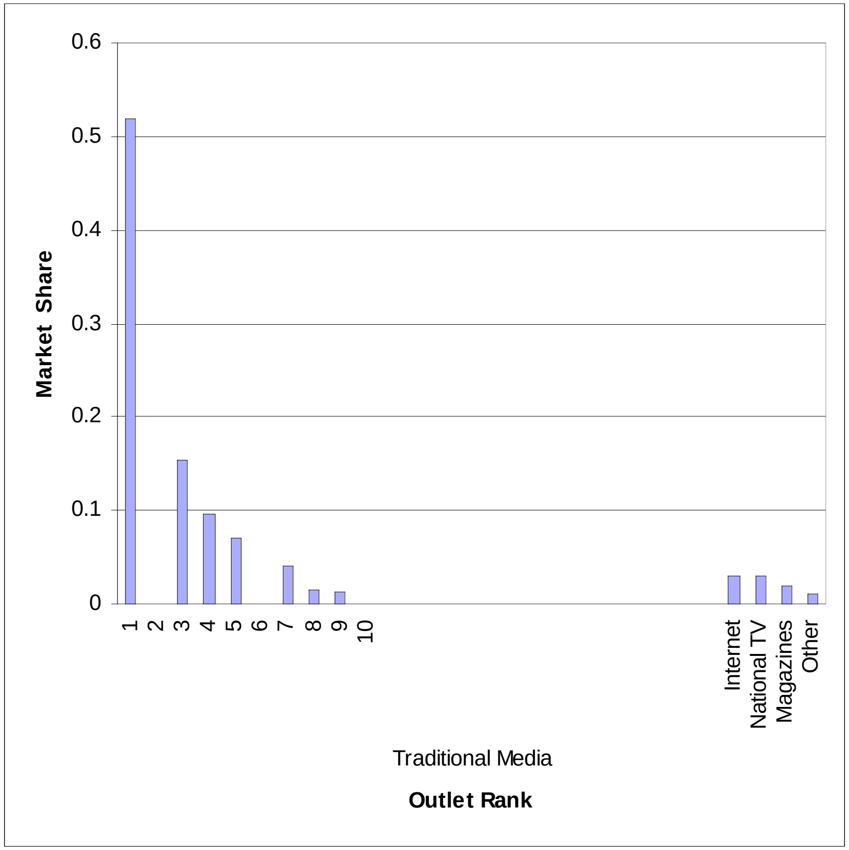


**EXHIBIT 6:**
**RICHMOND: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

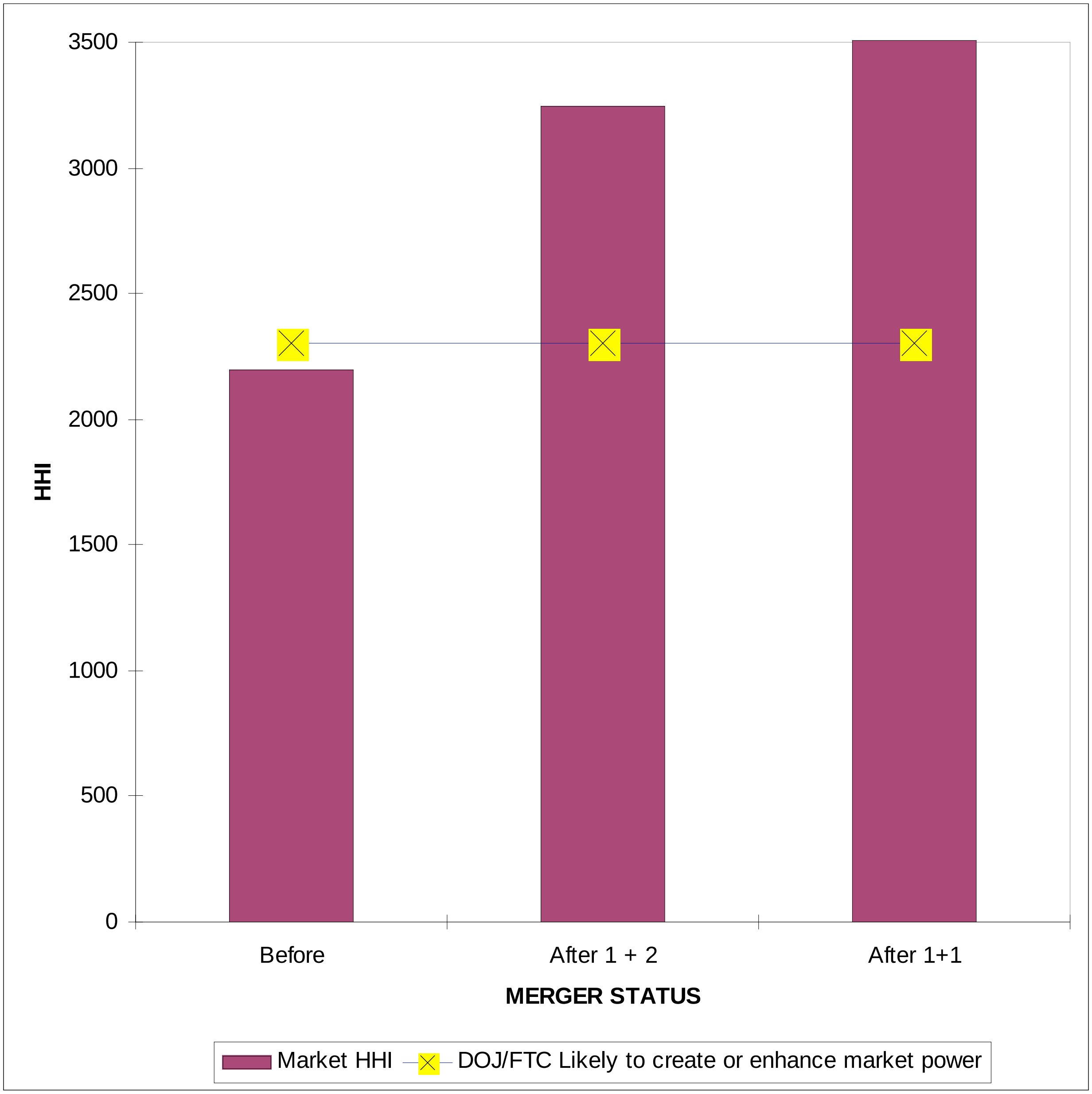
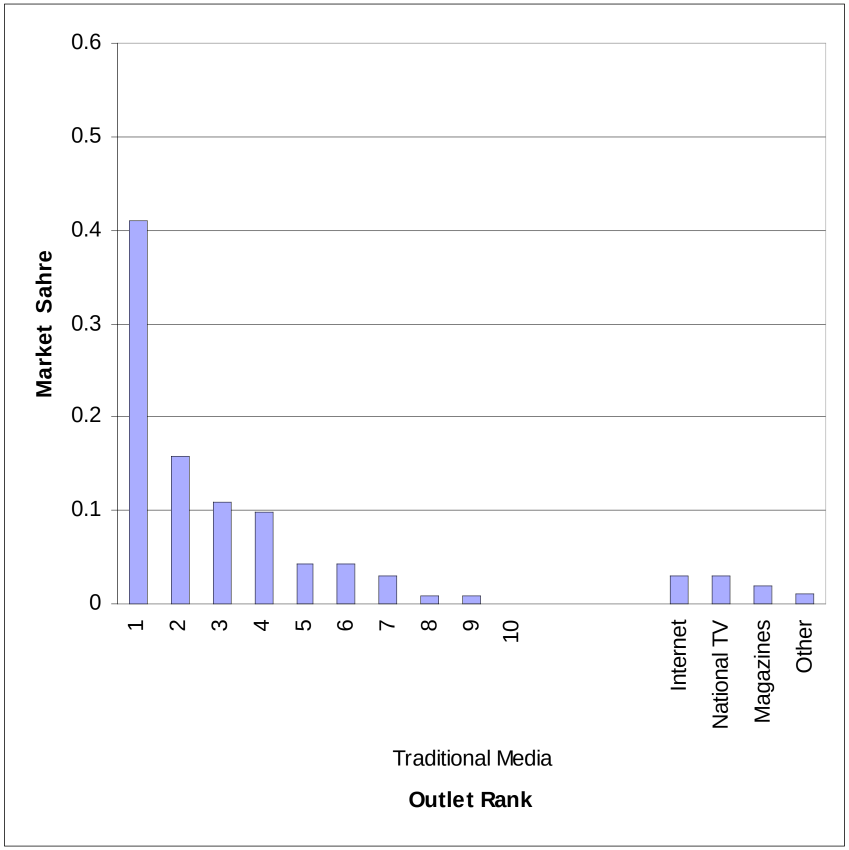


**EXHIBIT 7:**
**RICHMOND: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

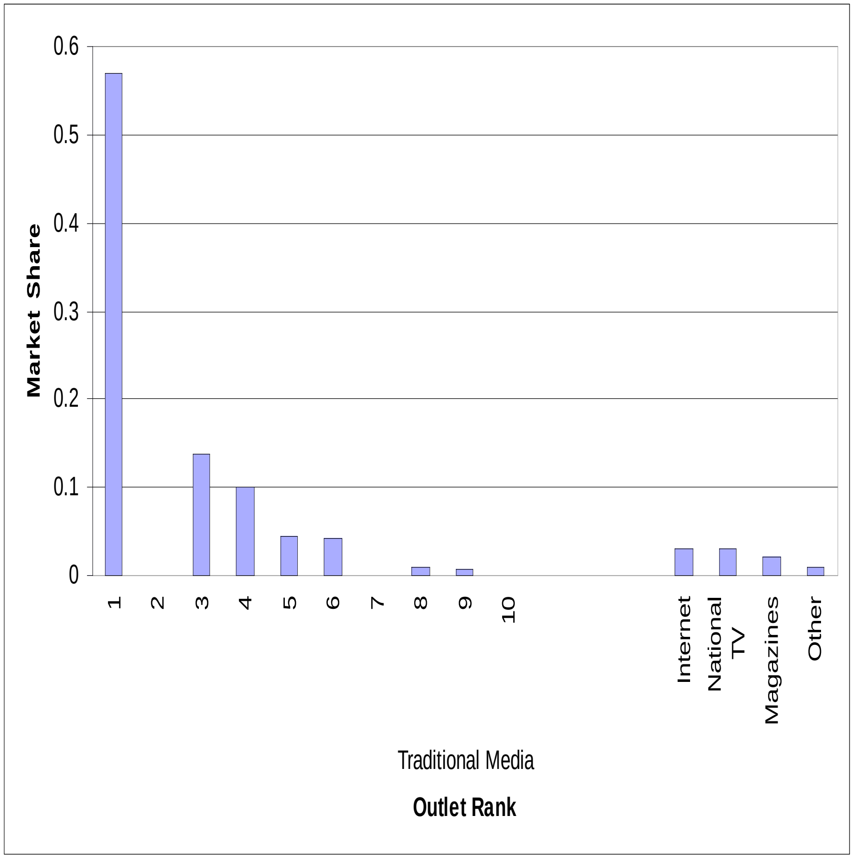


**EXHIBIT 8:**
**NORFOLK: IMPACT OF NEWSPAPER/TV MERGERS**
**CHANGE IN HHI**

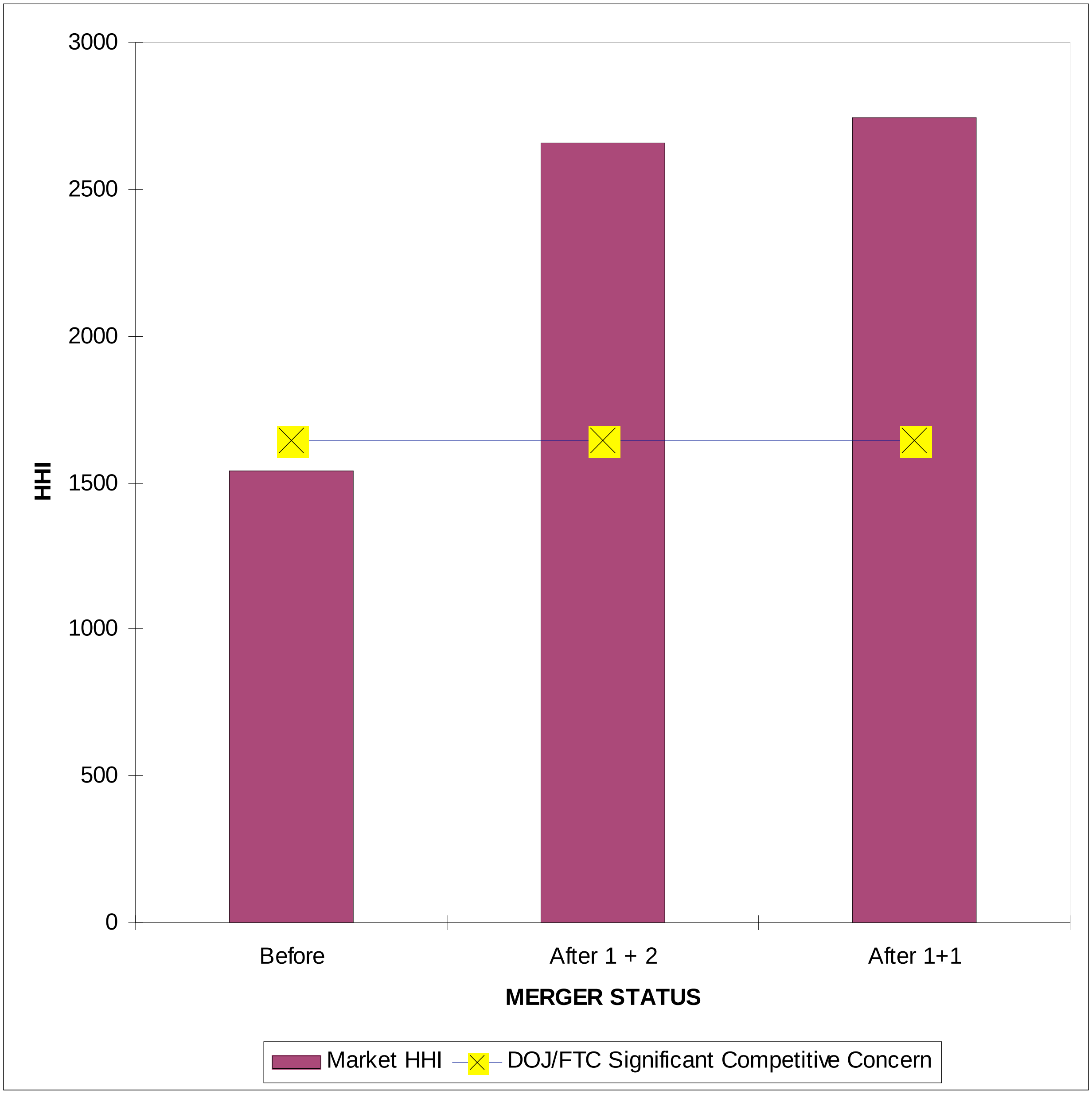
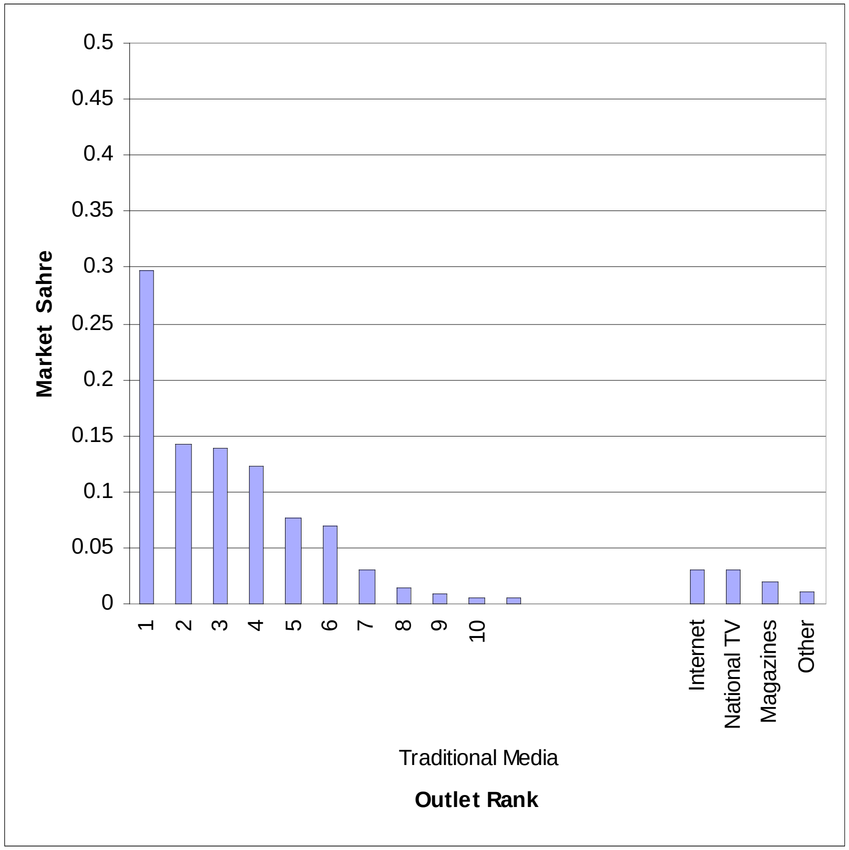
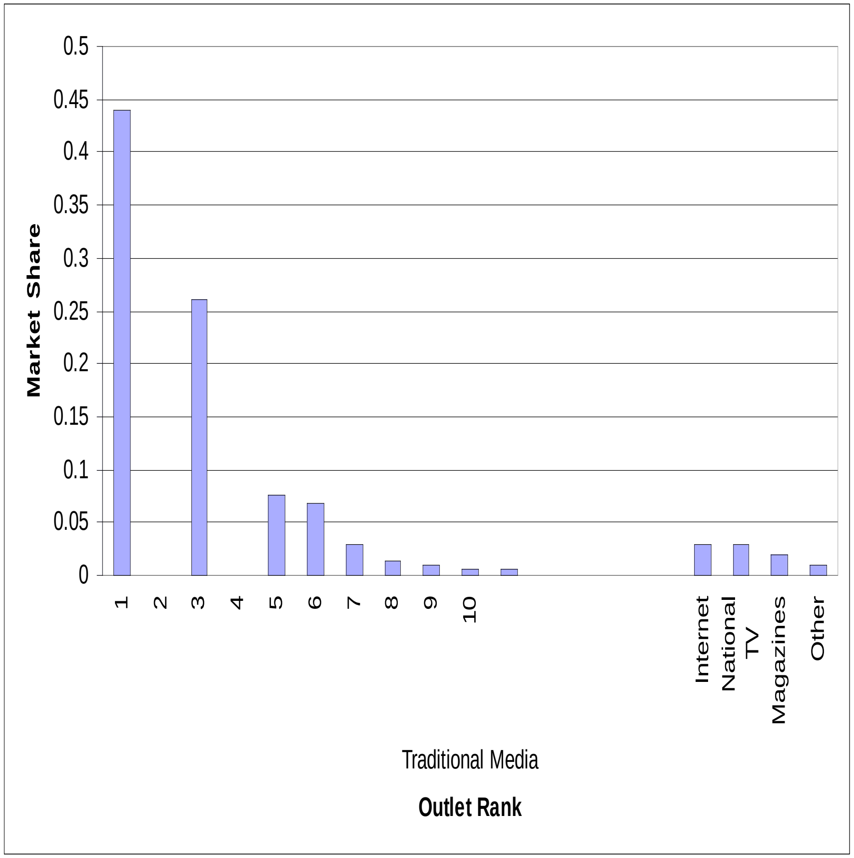


**EXHIBIT 9:**
**NORFOLK: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**



# STUDY 38:
# THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON MEDIA MARKETS IN WASHINGTON

MARK COOPER

## INTRODUCTION

Exhibit 1 shows a bar graph of the current state of all the media markets in terms of DOJ/FTC HHIs for all the cities analyzed in the state. Exhibit 2 shows the four Firm Concentration Ratio for all the cities in the state. Exhibit 3 summarizes several aspects of the analysis for the state. Exhibits 4, 6, and 8 show the before and after impact of the two merger scenarios in each city in terms of DOJ/FTC *Merger Guidelines*. Exhibit 5, 7 and 9 show a set of bar graph that presents the pre- and post-merger market shares of the top ten firms in the market for the 1$^{st}$ + 1$^{st}$ scenario. The market shares of the leading firms are shown in rank order. The traditional mass media – television and newspapers – are the highest ranked outlets by far, and the ones that would be affected by the ownership rules. The market shares of other types of media, the Internet, magazines and others, are also shown, and factored into the calculations, although they are not part of the merger scenarios.

## RESULTS

We analyze Spokane as a middle-sized market because Olympia, the state capitol, falls within the Seattle designated market area and is not a separate Arbitron area. It is also an example of what happens to a middle sized market when there is a newspaper-TV combination. We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the combined media markets in Spokane and Yakima are highly concentrated, while Seattle falls just below the concentrated threshold. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

**Seattle**

**Current Status:** As shown in Exhibit 1, all three individual media are highly concentrated. Exhibit 2 shows that for each of the individual media the largest four firms have a combined market share of 80 percent to 100 percent, making them all tight oligopolies. When we combine all of the media outlets into a combined media market, we find that the overall market is just below the threshold of concentration, above the oligopoly level, but well below the tight oligopoly level of 60 percent.

**Impact of Mergers:** Even in Seattle, one of the largest and least concentrated markets in the country, any cross media merger involving the top two firms would increase concentration in excess of the DOJ/FTC *Merger Guidelines.* As shown in Exhibits 3 and 4, under both of the scenarios considered, Seattle would become a concentrated, tight oligopoly, with the HHI rising from about 930 to around 1700.

As shown in Exhibit 5, the change in the Seattle market that would result from a wave of newspaper-TV mergers is extremely troubling. In the current situation we find a handful of relatively equally matched outlets, which reflects the unique situation of newspaper competition in Seattle. This picture could become very different with newspaper-TV cross-ownership. As shown in Exhibit 3, the four firm concentration ratio goes from 51 percent to

75 percent, a large move into the tight oligopoly range. A single firm could gain a large market share followed by two rivals. The top two firms would account for over 50 percent of the market, compared to just over 35 percent today. The top three would account for about two thirds of the market, whereas today they account for about 40 percent today. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

**Spokane**

**Current Status:** Needless to say, the other, smaller media markets are already much more concentrated. With newspaper-TV mergers allowed, the concentration would grow much greater. Most markets would be dominated by one or two firms.

As shown in Exhibit 1, in Spokane every medium and the overall market of all media channels is a highly concentrated, tight oligopoly. As shown in Exhibit 2, the four firm concentration ratios are in the range of 85 percent to 100 percent for each medium, with the the combined four firm share at 85 percent as well. Thus, all these markets are tight oligopolies. The newspaper market is dominated by a single entity. The combined market is very concentrated, for the market size, as a result of the existing cross-ownership situation.

**Impact of Mergers:** As shown in Exhibits 3 and 6, the Spokane market would be severely impacted by cross-media mergers. Every merger between a major TV station and the leading newspaper would violate the *Merger Guidelines* by a wide margin. The HHI would increase by 1,000 to 2,000 points in the scenarios considered, from over 3200, to the range of 4000 - 5000.

As Exhibit 7 shows, a merger between the dominant newspaper and the top TV station would create a single entity that would account for over half the market. The four firm concentration ratio increases from 85 percent to 90 percent. The market share of the top firm would go from just over 50 percent to 60 to 70 percent. The very high percentages for the dominant firm reflect the pre-existing cross-ownership situation. Moreover, because one newspaper dominates that market, the second ranked outlet would be completely dwarfed in the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

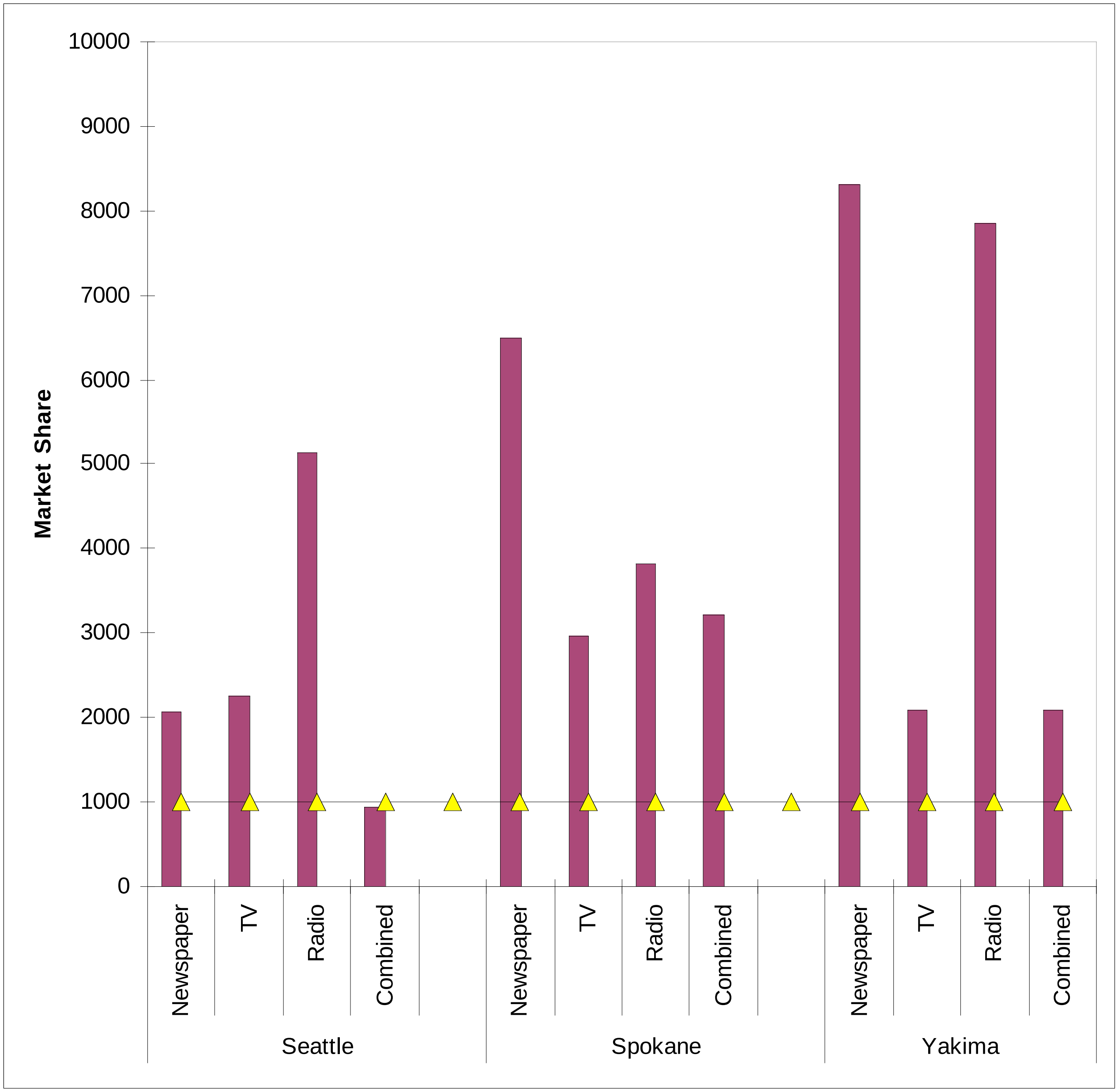
**Yakima**

**Current Status:** As shown in Exhibit 1, Yakima is highly concentrated in each of the individual media and across the entire media market. Four firm concentration ratios shown in Exhibit 2 are in the range of 80 percent to 100 percent for each medium, while the overall market is 75 percent. A single firm dominates the newspaper market.

**Impact of Mergers:** Because of the dominant position of the newspaper and two dominant television stations, any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield an increase in the HHI of over 1000 points.

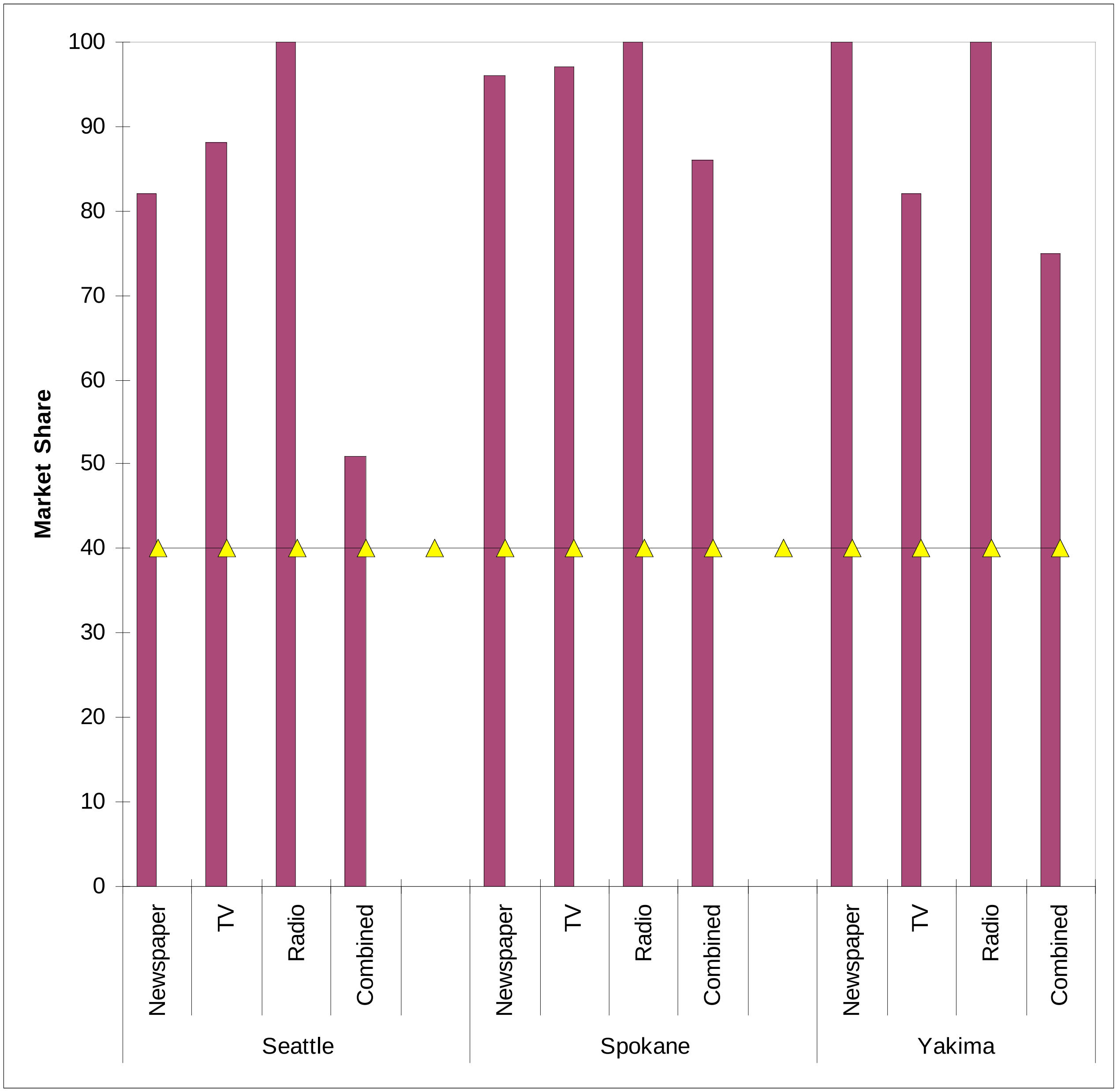
As shown in Exhibit 9, mergers would result in a market that would be dominated by a single entity with a market share increasing from 40 percent to over 50 percent. The number two firm would be dwarfed by the leading newspaper-TV combination.

**EXHIBIT 1:**
**WASHINGTON: CURRENT MEDIA MARKET STRUCTURE**
**DOJ/FTC MERGER GUIDELINES HHI**




△ = **Concentrated above 1,000**

**EXHIBIT 2:**
**WASHINGTON: CURRENT MEDIA MARKET STRUCTURE**
**FOUR FIRM CONCENTRATION RATIO**




△ = **Oligopoly, above 40**

**EXHIBIT 3:**
**WASHINGTON: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

| City | Market HHI Before | Market HHI After | Final Post-Merger Market Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Change in Leading Firm Share Four Firm Before | Four Firm After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| **1 + 1 Scenario: Largest Newspaper Merges with Largest TV Station, etc.** | | | | | | | | | |
| Seattle | 934 | 1774 | Concentrated | Violated | Violated | 51% | 75% | 17% | 32% |
| Spokane | 3214 | 4251 | Highly concentrated | Violated | Violated | 85% | 90% | 53% | 61% |
| Yakima | 2088 | 3357 | Highly concentrated | Violated | NA (one daily) | 75% | 79% | 40% | 56% |
| **1 + 2 Scenario: Largest Newspaper Merges with Second Largest TV Station, etc.** | | | | | | | | | |
| Seattle | 934 | 1682 | Concentrated | Violated | Violated | 51% | 75% | 17% | 26% |
| Spokane | 3214 | 4251 | Highly concentrated | Violated | Violated | 85% | 90% | 53% | 61% |
| Yakima | 2088 | 2984 | Highly concentrated | Violated | NA (one daily) | 75% | 79% | 45% | 51% |

**EXHIBIT 4:**
**SEATTLE: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

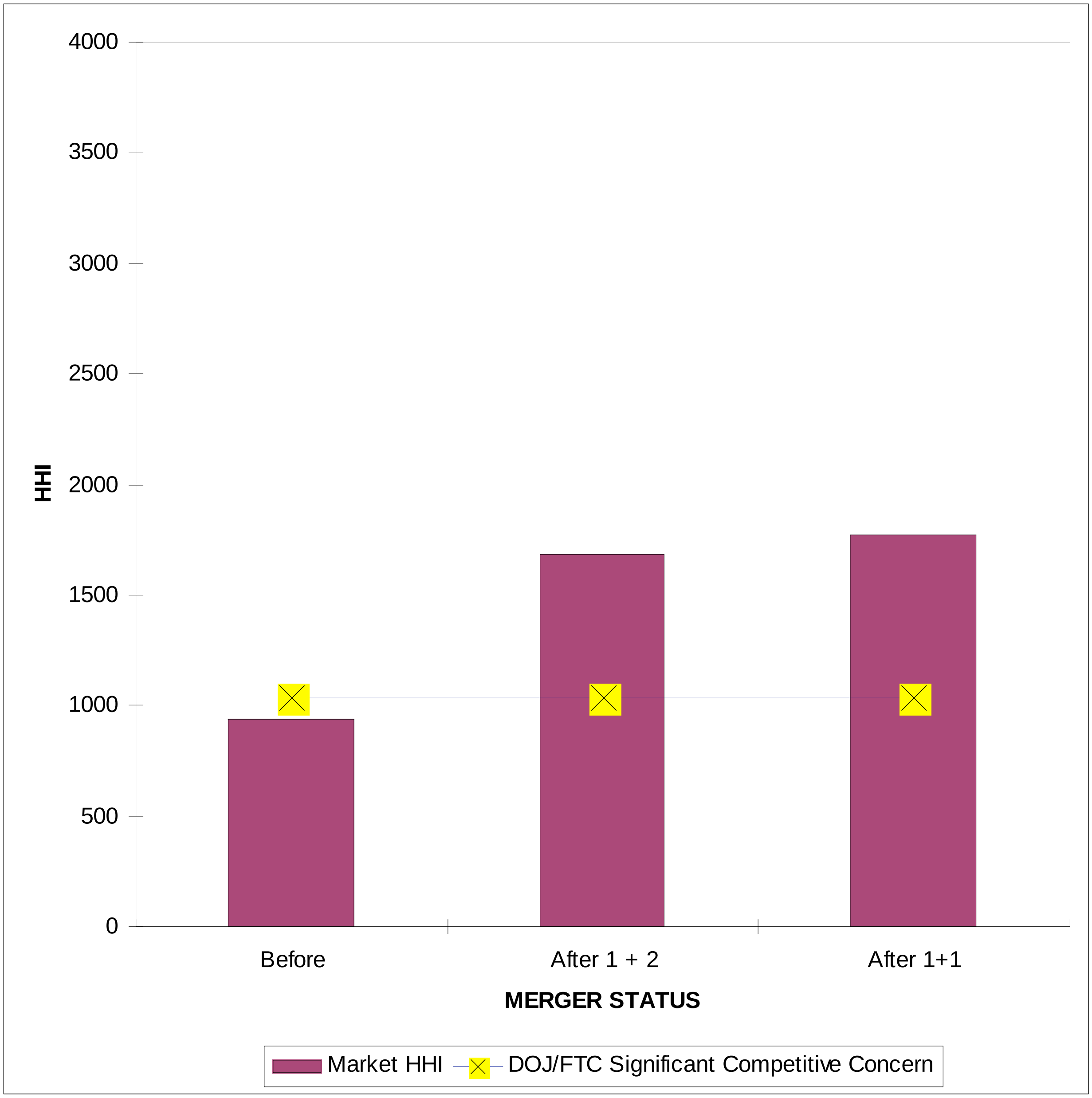
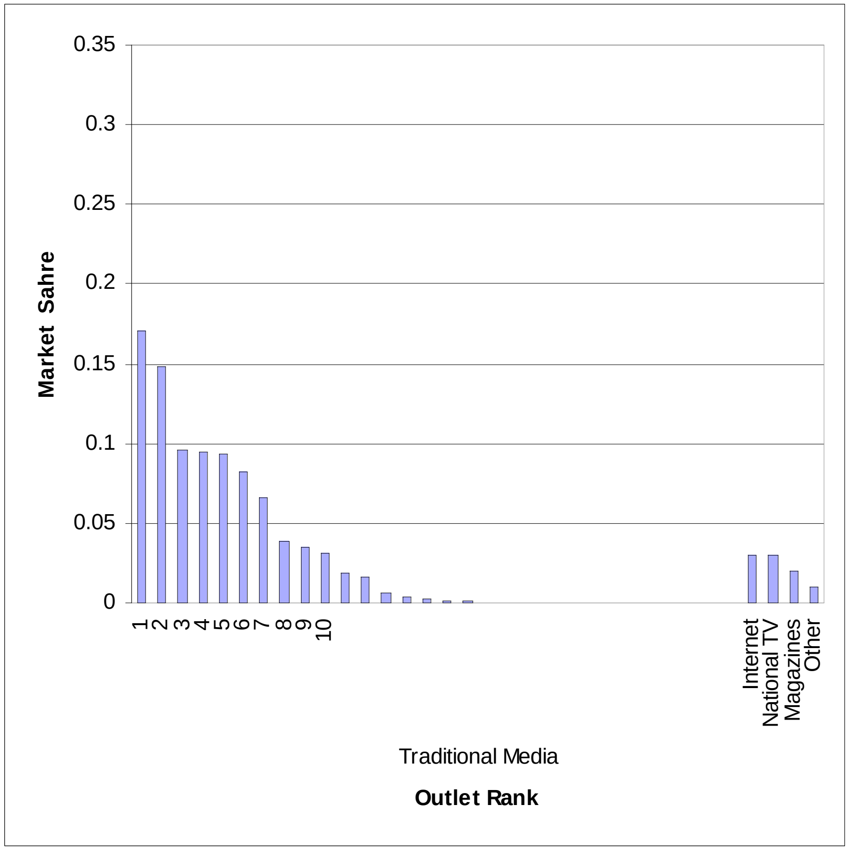


**EXHIBIT 5:**
**SEATTLE: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

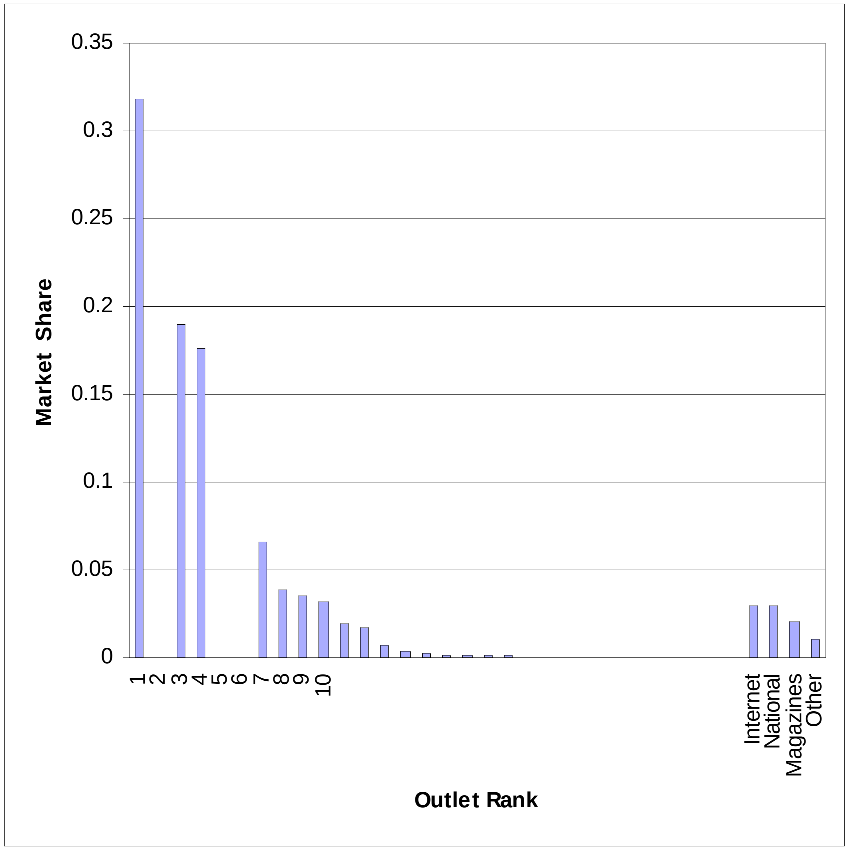


**EXHIBIT 6:**
**SPOKANE: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

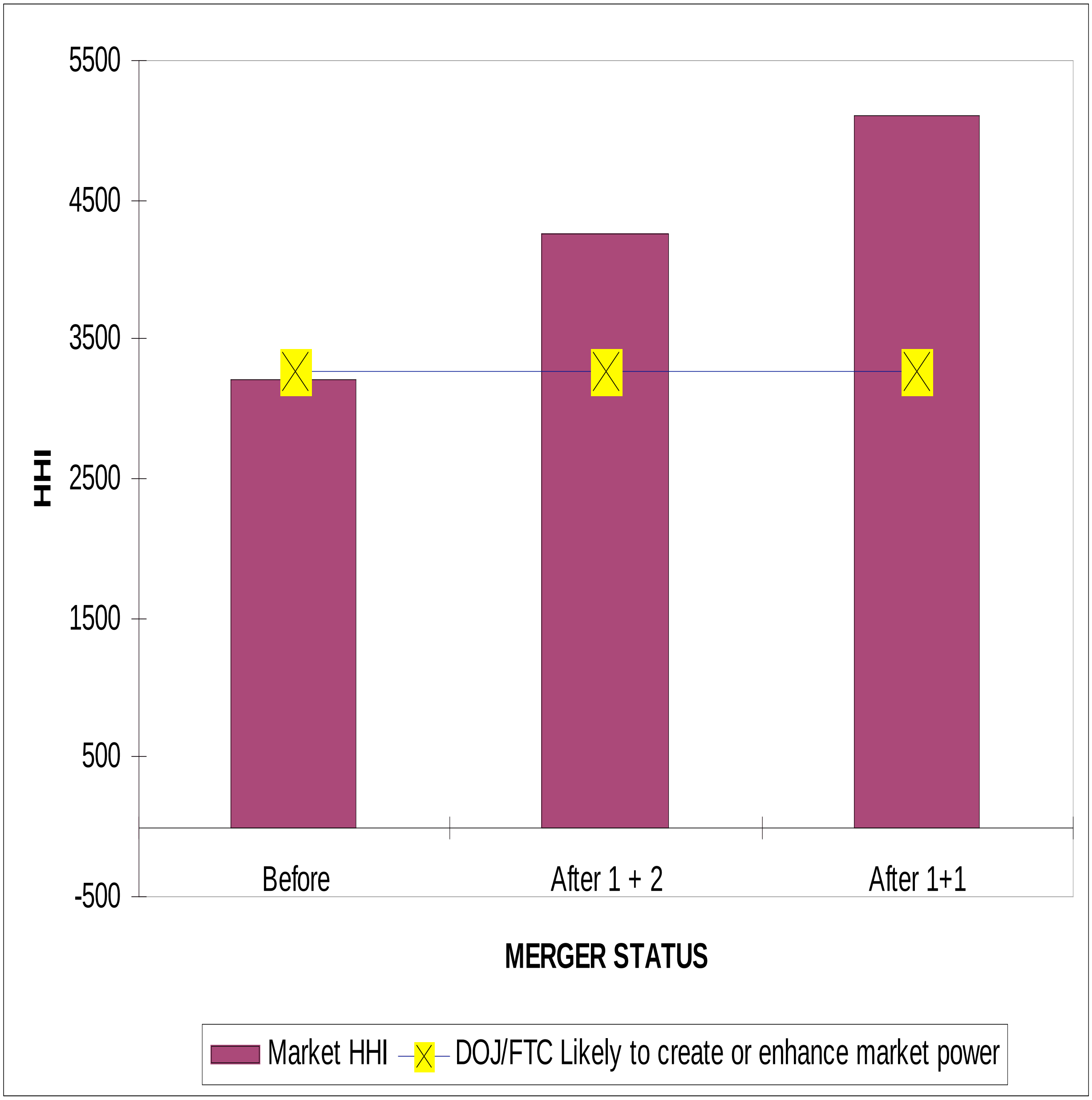
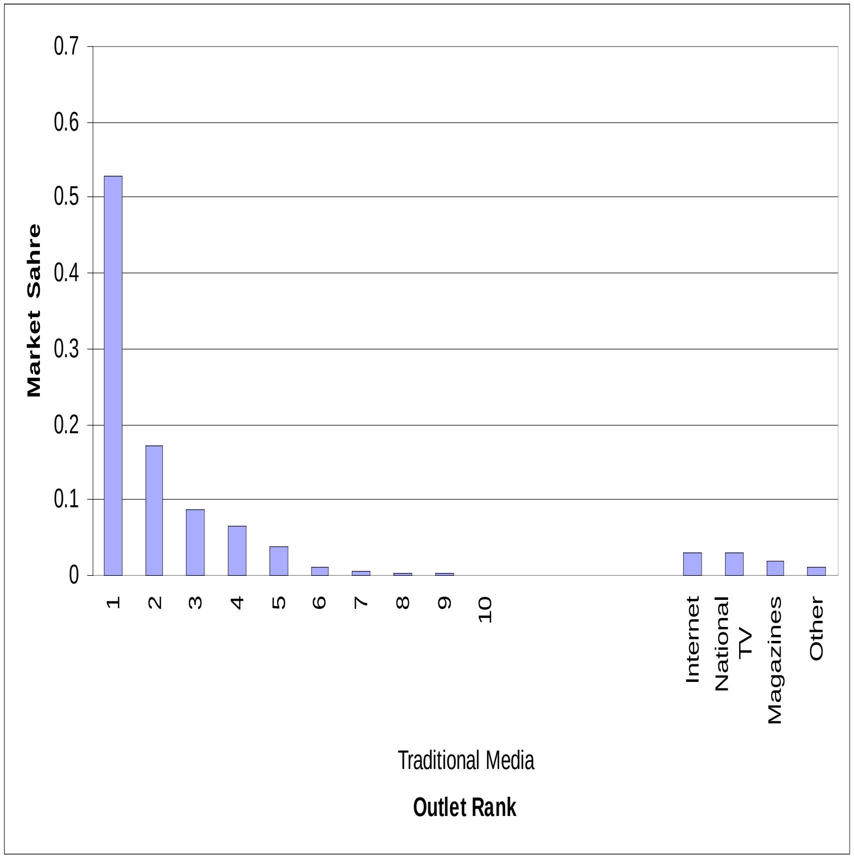


**EXHIBIT 7:**
**SPOKANE: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**

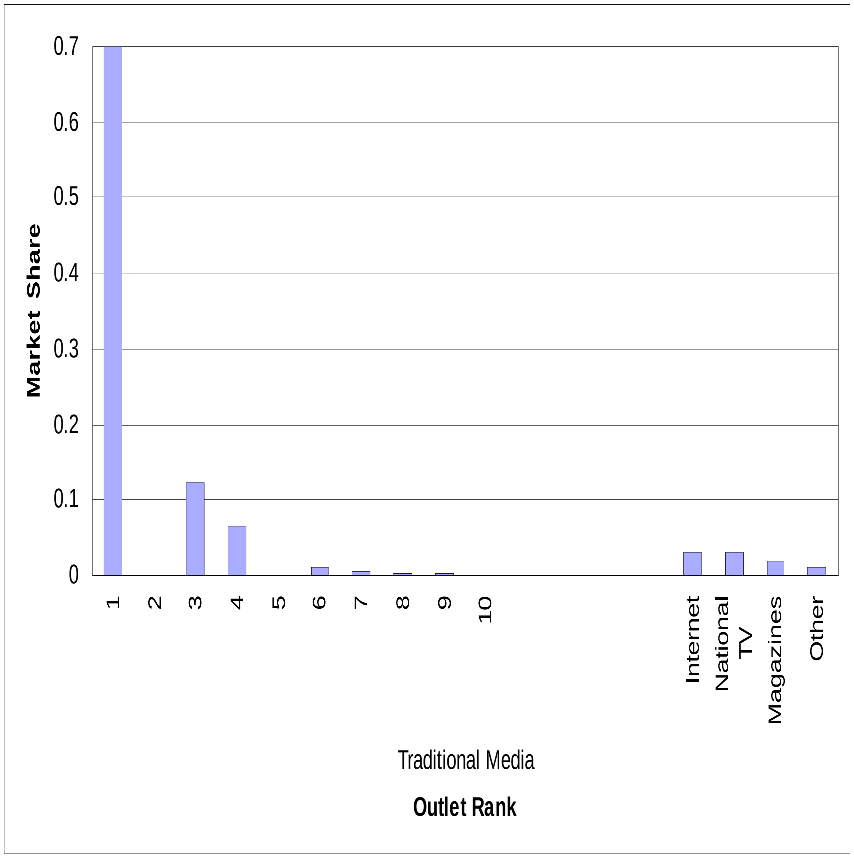


**EXHIBIT 8:**
**YAKIMA: IMPACT OF NEWSPAPER/TV MERGERS:**
**CHANGE IN HHI**

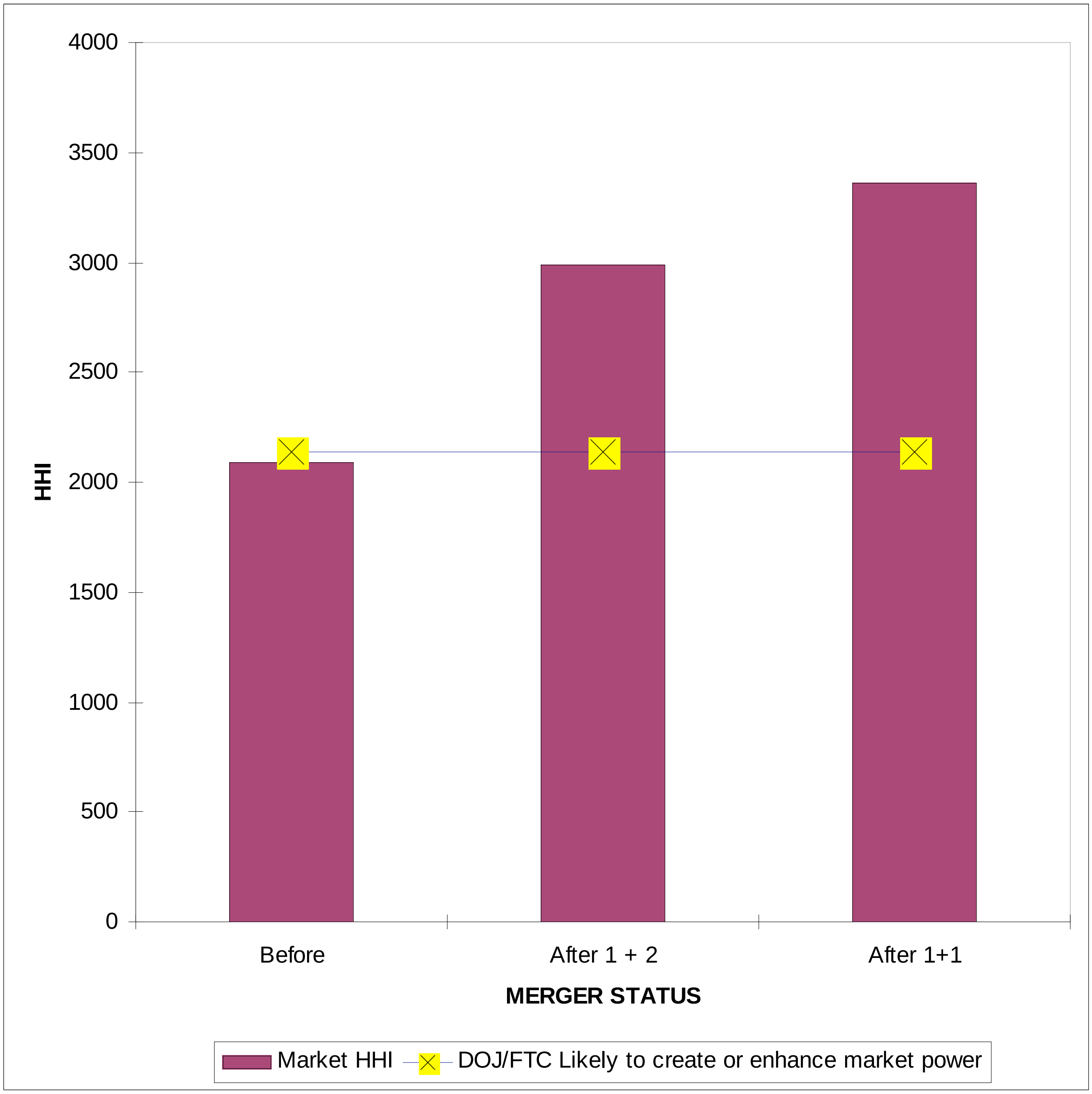
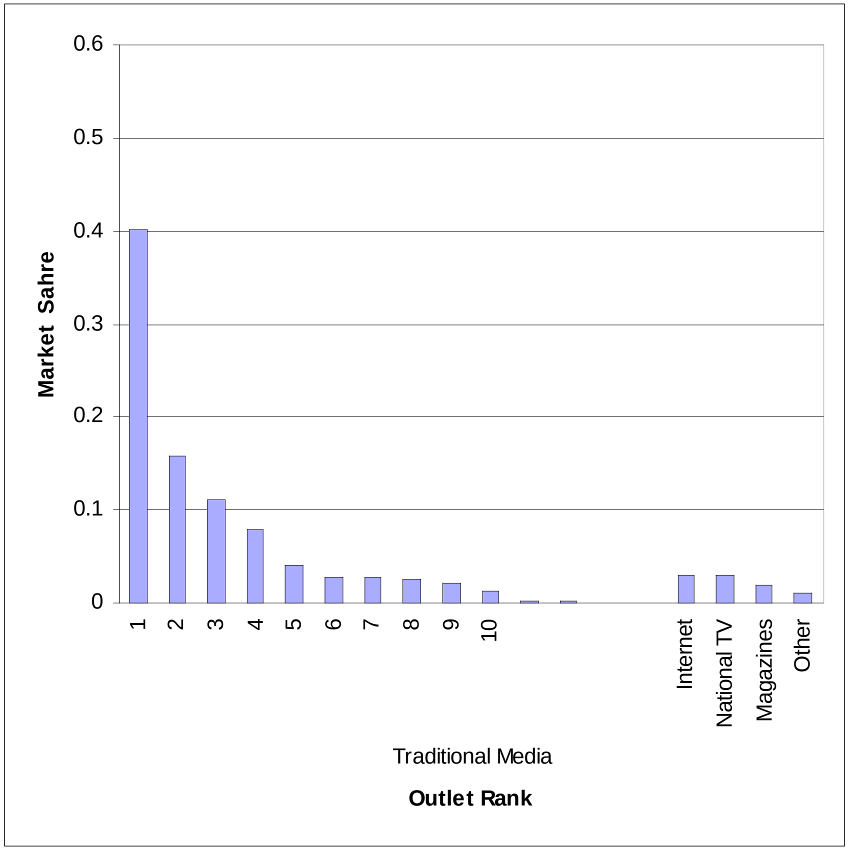
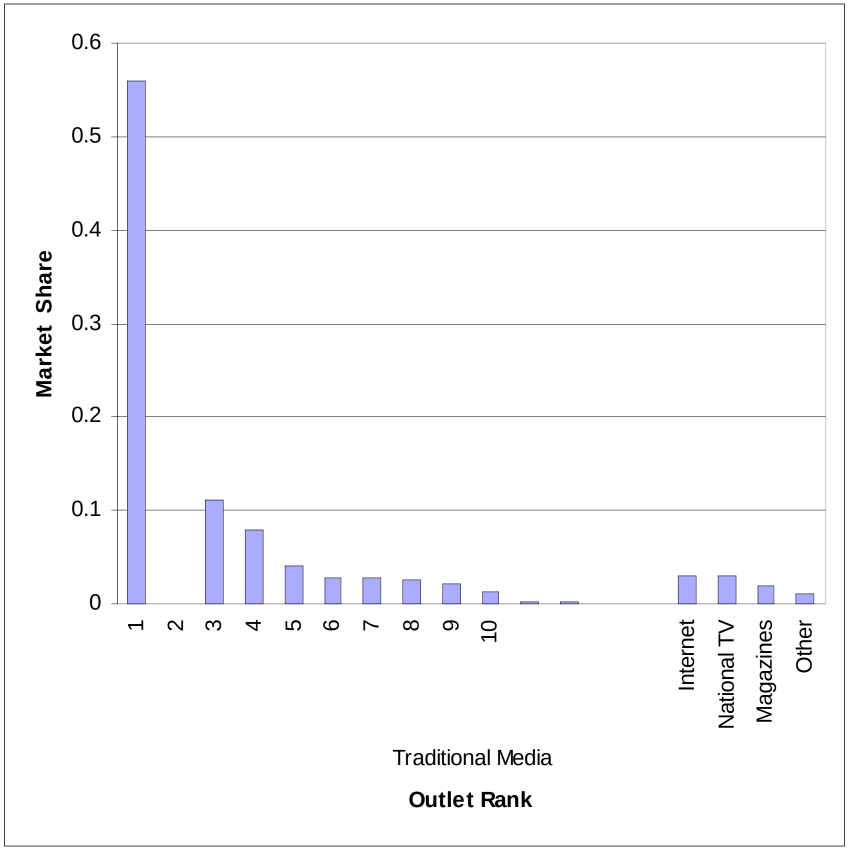


**EXHIBIT 9:**
**YAKIMA: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS (Traditional and Other)**

**CURRENT**




**AFTER MERGERS (1st +1st Scenario)**



# STUDY 39: THE IMPACT OF LIFTING THE NEWSPAPER-TV CROSS-OWNERSHIP BAN ON THE TOP TWENTY MEDIA MARKETS

MARK COOPER

## INTRODUCTION

The previous studies makes it quite clear that middle and smaller markets are highly concentrated and would be affected severely by newspaper-TV mergers. The larger markets are much less concentrated, but would also be adversely affected by these mergers. Ten of the top twenty markets were included in the FCC sample cities and the states studied. To explore these market, where there might be some uncertainty about the impact of newspaper-TV merger, this study presents the results of the merger analysis for all of the top twenty markets. This set of markets was also identified in our earlier analysis as demanding closer scrutiny in deciding how to set merger policy.

## RESULTS

Exhibit 1 presents the HHIs and four firm concentration ratios for each of the media as well as the combined media in all 20 markets. Newspapers and radio are highly concentrated, tight oligopolies even in these large markets. The TV market tends to be concentrated, tight oligopoly. Three of the combined markets are just below the threshold for a concentrated market. Three of the markets are well above the threshold for a highly concentrated market (above 2000). The remainder are in the concentrated range. For the four firm concentration

## EXHIBIT 1: CURRENT STATUS OF MEDIA MARKETS

| CITY | DOJ/FTC HHI | | | | FOUR FIRM CONCENTRATION | | | |
|---|---|---|---|---|---|---|---|---|
| | Papers | TV | Radio | Combined | Papers | TV | Radio | Combined |
| New York | 1937 | 1786 | 3053 | 979 | 83 | 77 | 95 | 53 |
| Los Angeles | 2827 | 1681 | 2448 | 980 | 88 | 74 | 77 | 54 |
| Chicago | 2850 | 1656 | 2751 | 1041 | 90 | 71 | 92 | 58 |
| Philadelphia | 4142 | 2203 | 4879 | 1245 | 97 | 87 | 100 | 62 |
| San Francisco | 3229 | 1684 | 3543 | 1156 | 97 | 76 | 100 | 59 |
| Boston | 3257 | 2166 | 5376 | 1165 | 91 | 84 | 100 | 61 |
| Dallas | 4361 | 1652 | 3944 | 1590 | 94 | 77 | 100 | 64 |
| Washington D.C. | 2712 | 1947 | 2174 | 2068 | 99 | 76 | 100 | 67 |
| Atlanta | 2172 | 1960 | 5996 | 2227 | 92 | 73 | 100 | 68 |
| Detroit | 2959 | 2497 | 8694 | 1183 | 99 | 88 | 100 | 63 |
| Houston | 9199 | 1569 | 6859 | 1519 | 82 | 88 | 100 | 60 |
| Seattle | 2066 | 2762 | 5139 | 934 | 81 | 88 | 100 | 51 |
| Tampa-St. Pete | 2609 | 1774 | 6527 | 1794 | 69 | 75 | 100 | 73 |
| Minneapolis | 4612 | 2066 | 8970 | 1636 | 95 | 89 | 100 | 72 |
| Cleveland | 6251 | 2006 | 8970 | 1636 | 98 | 88 | 100 | 74 |
| Phoenix | 6753 | 1772 | 3839 | 1511 | 99 | 76 | 100 | 71 |
| Miami | 5207 | 1621 | 4224 | 1229 | 99 | 73 | 100 | 64 |
| Denver | 4250 | 1745 | 6183 | 1481 | 97 | 76 | 100 | 69 |
| Sacramento | 6915 | 2531 | 3793 | 1799 | 95 | 91 | 94 | 83 |
| Orlando | 9175 | 2525 | 9999 | 2297 | 97 | 91 | 100 | 82 |

ratios we find five markets in the fifties, nine in the sixties, six above seventy.

There is also a tendency even within the top twenty for the smaller markets to be more concentrated. Thus, the top five market have an average HHI of just under 1100. The bottom five markets have an average HHI over 1600. The average four firm concentration ratio among the top five markets is 57 percent. The average among the bottom five is 72 percent. The earlier findings that concentration levels were much higher in the middle ranked cities (state capitols and FCC sample cities) is consistent with this finding.

Exhibit 2 presents the results of the merger scenario analysis as described in Study 23. With the exception of Los Angeles and Seattle, all of the post-merger markets are highly concentrated. In Los Angeles, the post-merger markets are close to the highly concentrated threshold. In Seattle the post-merger-markets are well into the concentrated range. In all cases, the individual mergers violate the *Merger Guidelines.* Except where the four firm concentration ratios are already above 70 percent, we observe large increases as a result of the modeled mergers, 15 to 25 percentage points. Post-merger, the leading firm tends to have between one-third and one-half of the market, with the increase generally fall in the 10 to 20 percent range.

## EXHIBIT 2: IMPACT OF NEWSPAPER/TV MERGERS

| City/Scenario | Market HHI | | Post Merger Status | Merger Guidelines Threshold | | Leading Firm Share | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Before | After | | 1st Merger | 2nd Merger | CR4 | | Top Firm | |
| | | | | | | Before | After | Before | After |
| **New York** | | | | | | | | | |
| **1 + 1 Scenario:** | 979 | 1821 | Highly Concentrated | Violated | Violated | 53% | 79% | 19% | 29% |
| **1 + 2 Scenario:** | 979 | 1675 | Highly Concentrated | Violated | Violated | 53% | 79% | 19% | 23% |
| **Los Angeles** | | | | | | | | | |
| **1 + 1 Scenario:** | 980 | 1788 | Concentrated | Violated | Violated | 54% | 80% | 16% | 26% |
| **1 + 2 Scenario:** | 980 | 1756 | Concentrated | Violated | Violated | 54% | 80% | 16% | 24% |
| **Chicago** | | | | | | | | | |
| **1 + 1 Scenario:** | 1041 | 2090 | Highly Concentrated | Violated | Violated | 58% | 75% | 18% | 33% |
| **1 + 2 Scenario:** | 1041 | 1886 | Highly Concentrated | Violated | Violated | 58% | 75% | 18% | 29% |
| **Philadelphia** | | | | | | | | | |
| **1 + 1 Scenario:** | 1245 | 2297 | Highly Concentrated | Violated | Violated | 62% | 79% | 25% | 41% |
| **1 + 2 Scenario:** | 1245 | 2082 | Highly Concentrated | Violated | Violated | 62% | 75% | 25% | 34% |
| **San Francisco** | | | | | | | | | |
| **1 + 1 Scenario:** | 1156 | 1926 | Highly Concentrated | Violated | Violated | 59% | 83% | 23% | 30% |
| **1 + 2 Scenario:** | 1156 | 1924 | Highly Concentrated | Violated | Violated | 59% | 83% | 23% | 30% |
| **Boston** | | | | | | | | | |
| **1 + 1 Scenario:** | 1165 | 2108 | Highly Concentrated | Violated | Violated | 61% | 77% | 24% | 38% |
| **1 + 2 Scenario:** | 1165 | 2005 | Highly Concentrated | Violated | Violated | 61% | 74% | 24% | 34% |
| **Dallas** | | | | | | | | | |
| **1 + 1 Scenario:** | 1590 | 2525 | Highly concentrated | Violated | Violated | 64% | 85% | 34% | 43% |
| **1 + 2 Scenario:** | 1590 | 2020 | Highly concentrated | Violated | Violated | 64% | 73% | 34% | 39% |
| **Washington. D. C.** | | | | | | | | | |
| **1 + 1 Scenario:** | 2068 | 3054 | Highly Concentrated | Violated | Violated | 72% | 84% | 47% | 52% |
| **1 + 2 Scenario:** | 2068 | 3022 | Highly Concentrated | Violated | Violated | 70% | 84% | 47% | 51% |

## EXHIBIT 2: Continued

| City/Scenario | Market HHI | | Post Merger Status | Merger Guidelines Threshold | | Leading Firm Share | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | CR4 | | Top Firm | |
| | Before | After | | 1st Merger | 2nd Merger | Before | After | Before | After |
| **Atlanta** | | | | | | | | | |
| **1 + 1 Scenario:** | 2277 | 2683 | Highly Concentrated | Violated | Violated | 67% | 83% | 44% | 49% |
| **1 + 2 Scenario:** | 2277 | 2664 | Highly Concentrated | Violated | Violated | 67% | 76% | 44% | 49% |
| **Detroit** | | | | | | | | | |
| **1 + 1 Scenario:** | 1183 | 2307 | Highly concentrated | Violated | Violated | 62% | 85% | 17% | 34% |
| **1 + 2 Scenario:** | 1183 | 2295 | Highly concentrated | Violated | Violated | 63% | 85% | 17% | 24% |
| **Houston** | | | | | | | | | |
| **1 + 1 Scenario:** | 1519 | 2262 | Highly Concentrated | Violated | Violated | 63% | 83% | 32% | 44% |
| **1 + 2 Scenario:** | 1519 | 2163 | Highly Concentrated | Violated | Violated | 63% | 79% | 32% | 42% |
| **Seattle** | | | | | | | | | |
| **1 + 1 Scenario:** | 934 | 1774 | Concentrated | Violated | Violated | 51% | 75% | 17% | 32% |
| **1 + 2 Scenario:** | 934 | 1682 | Concentrated | Violated | Violated | 51% | 75% | 17% | 26% |
| **Tampa-St. Pete** | | | | | | | | | |
| **1 + 1 Scenario:** | 1794 | 3381 | Highly Concentrated | Violated | Violated | 73% | 84% | 31% | 56% |
| **1 + 2 Scenario:** | 1794 | 2581 | Highly Concentrated | Violated | Violated | 73% | 84% | 31% | 34% |
| **Minneapolis** | | | | | | | | | |
| **1 + 1 Scenario:** | 1665 | 2890 | Highly Concentrated | Violated | Violated | 72% | 98% | 23% | 37% |
| **1 + 2 Scenario:** | 1665 | 2889 | Highly Concentrated | Violated | Violated | 72% | 94% | 23% | 35% |
| **Cleveland** | | | | | | | | | |
| **1 + 1 Scenario:** | 1636 | 2585 | Highly Concentrated | Violated | Violated | 68% | 83% | 34% | 45% |
| **1 + 2 Scenario:** | 1636 | 2570 | Highly Concentrated | Violated | Violated | 68% | 83% | 34% | 45% |
| **Phoenix** | | | | | | | | | |
| **1 + 1 Scenario:** | 1511 | 2750 | Highly Concentrated | Violated | Violated | 71% | 87% | 28% | 44% |
| **1 + 2 Scenario:** | 1511 | 2629 | Highly Concentrated | Violated | Violated | 71% | 82% | 28% | 40% |

## EXHIBIT 2: IMPACT OF NEWSPAPER/TV MERGERS

| City/Scenario | Market HHI Before | Market HHI After | Post Merger Status | Merger Guidelines Threshold 1st Merger | Merger Guidelines Threshold 2nd Merger | Leading Firm Share CR4 Before | CR4 After | Top Firm Before | Top Firm After |
|---|---|---|---|---|---|---|---|---|---|
| **Miami** | | | | | | | | | |
| **1 + 1 Scenario:** | 1229 | 1981 | Highly Concentrated | Violated | Violated | 63% | 81% | 21% | 34% |
| **1 + 2 Scenario:** | 1229 | 1977 | Highly Concentrated | Violated | Violated | 63% | 79% | 21% | 34% |
| **Denver** | | | | | | | | | |
| **1 + 1 Scenario:** | 1481 | 2484 | Highly Concentrated | Violated | Violated | 69% | 85% | 25% | 37% |
| **1 + 2 Scenario:** | 1481 | 2472 | Hihgly Concentrated | Violated | Violated | 69% | 81% | 25% | 34% |
| **Sacramento** | | | | | | | | | |
| **1+ 1 Scenario:** | 1799 | 3157 | Highly concentrated | Violated | Violated | 75% | 82% | 33% | 53% |
| **1 + 2 Scenario:** | 1799 | 2797 | Highly concentrated | Violated | Violated | 75% | 82% | 33% | 47% |
| **Orlando** | | | | | | | | | |
| **1+ 1 Scenario:** | 2297 | 3769 | Highly concentrated | Violated | Violated | 82% | 89% | 41% | 59% |
| **1 + 2 Scenario:** | 2297 | 3132 | Highly concentrated | Violated | Violated | 82% | 88% | 41% | 51% |